

***CHARTING A NEW MISSION
FOR
PUBLIC-PRIVATE PARTNERSHIPS***

FINAL REPORT

OF THE

MAYOR'S

**LOS ANGELES JOB TRAINING
ASSESSMENT PANEL**

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TO THE HONORABLE SENATE

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The Panel is indebted to many individuals for their assistance in the work which led to this report. Mayor Tom Bradley and Deputy Mayor Ed Avila had the foresight to create the Panel and then give it free reign to develop a vision for improved job training services in Los Angeles. Many individuals at the Community Development Department--the focus of much of the panel's study--spent countless hours with Panel staff, and responded quickly and efficiently to all of its requests for information. Other city departments, especially the Chief Legislative Analyst, City Administrative Officer, and City Attorney offices, were likewise open with their comments and their JTPA files.

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REPLY

The Commission on the Status of Women, established in 1946, was the first of its kind. It was created by the United Nations to address the needs and concerns of women worldwide. The Commission has since become a leading authority on women's rights and has played a crucial role in the development of international law and policy. Its work has been instrumental in the adoption of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1979, which is now the most comprehensive international treaty on women's rights. The Commission's ongoing efforts to promote gender equality and women's empowerment are a testament to its commitment to the principles of the United Nations Charter.

The Commission's work is based on the principle of equality between men and women. It recognizes that women's full participation in all spheres of life is essential for the achievement of sustainable development. The Commission's mandate is to monitor and promote the implementation of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and to provide technical assistance to governments in this regard. The Commission's work is also guided by the Beijing Declaration and Platform for Action, adopted at the Fourth World Conference on Women in 1995.


The Commission's work is also guided by the principle of non-discrimination. It recognizes that women's rights are universal and that no woman should be discriminated against on the basis of her race, ethnicity, religion, or social status. The Commission's work is also guided by the principle of participation, which recognizes that women should have a say in the decisions that affect their lives.

The Commission's work is also guided by the principle of solidarity. It recognizes that women's rights are a common concern of all peoples and that the interests of women in one country are often linked to the interests of women in another. The Commission's work is also guided by the principle of accountability, which recognizes that governments have a responsibility to ensure that women's rights are protected and promoted. The Commission's work is also guided by the principle of transparency, which recognizes that the Commission's work should be open to public scrutiny and that its decisions should be based on the best available evidence.

The Commission's work is also guided by the principle of cooperation. It recognizes that the achievement of women's rights requires the cooperation of all stakeholders, including governments, the private sector, and civil society. The Commission's work is also guided by the principle of innovation, which recognizes that new approaches are needed to address the challenges of the 21st century. The Commission's work is also guided by the principle of sustainability, which recognizes that the promotion of women's rights is essential for the achievement of sustainable development. The Commission's work is also guided by the principle of justice, which recognizes that women's rights are a fundamental part of the human rights framework.

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Executive Summary

EXECUTIVE SUMMARY

The Los Angeles Job Training Assessment Panel is an ad hoc group of business, industry and other community leaders selected by Mayor Tom Bradley and chaired by John Singleton of the Security Pacific Corporation. The Panel's mission was to study the City's job training and employment system and to develop and recommend a strategic program that meets the evolving needs of its participants and industry. This report spells out the Panel's findings, a series of recommendations, and a brief strategic plan for implementing them.

Panel members, very few of whom had previous contact with the City's federally funded job training program, have learned a great deal about it in the past six months. To produce this report the Panel, assisted by staff from Workforce LA, the Mayor's office, and private consultants, met several times, held a public forum, interviewed scores of individuals, and reviewed thousands of pages of documents.

The Problem

The Panel's major finding is that the current system lacks a vision of what job training services in Los Angeles should be. The current system works, in a fashion. Several thousand eligible individuals are trained and subsequently find jobs each year. The limited performance standards regarding wages and placement rates set by the state and federal governments are being met. Hundreds of professionals and support staff--from the City and its network of service delivery agencies--work hard under a flawed federal law with very limited funding to help improve the lot of a small but significant portion of the tens of thousands of individuals in need of assistance in preparing for employment.

But in its study, the Panel did not find clearly articulated, broadly accepted, coherent policies to guide the various decision-makers and service providers. There is no vision to guide the system.

This is not to say that various "priorities" do not exist; they do. But they are a hodgepodge of federal and state mandates, City Council requirements, policy board proclamations, city administrative authority, and contractor initiatives. Taken together,

they are not a coherent set of policies. Absent such policies, bureaucratic and political exigencies dominate the system.

The City of Los Angeles job training program is mired in a complexity which discourages many who are part of it, and many others--including private employers with good jobs to offer trainees--who might participate under different circumstances. The complexity stems in part from government requirements at all levels. But more significant to creating complexity is the widespread mistrust among all of the key actors, including city officials, the sixty plus agencies which contract to provide services, and the Private Industry Council (PIC), which by federal law is intended to set policy for the program.

Both the lack of trust among key actors, and the absence of a consensus about the purpose of the Los Angeles job training program have led to what many consider to be a breakdown in the system. Efforts to create a more effective system will require a coming together about purpose, the creation of a coherent vision, and needed changes in governance.

A Vision for Job Training in Los Angeles

The Panel studied other big city job training programs in its search to improve matters in Los Angeles. From this search, a composite vision of how things could be emerged. Such a vision should be based on some fundamental principles:

Higher Quality Jobs

There needs to be much greater concern about the quality of jobs for which people are trained. This means much greater participation by employers, and a willingness among corporate leaders to take the extra steps needed to make quality jobs available. Growing cooperation between the Los Angeles City and Los Angeles County job training programs offers hope for better focus on quality jobs in areas of labor market growth.

A Broader Field of Play

The setting of priorities for spending federal job training monies must occur in a much broader context. Federal job training dollars are but a small part of the resources available to prepare entry level workers. The Private Industry Council should be a broker between clients and a variety of services--not just those made available through federal job training funding.

In Boston, the Private Industry Council has raised millions of non-federal dollars to develop jobs for some and scholarships for other graduating high school students. In Portland, Oregon, the Private Industry Council is part of a Leaders Roundtable of business

and government leaders which has set a ten year agenda for improving all services to at risk youth.

In several cities potential participants are referred to federally sponsored job training if appropriate, but through a single enrollment process can also be placed in established remedial and vocational education programs.

Comprehensive Services and Leveraging Other Resources

Federal requirements and the demographic realities of the changing entry level workforce in Los Angeles will demand that the job training system serve clients with multiple training and support service needs. This in turn will require services to be comprehensive and job training contractors to leverage resources other than federal job training funds.

Over the past several years in Seattle, the job training program responded to shrinking federal funds and harder-to-serve clients by requiring all contractors to offer a broad range of services and matching funds. In doing so, the number of contracting agencies declined significantly, a painful process for the agencies but one which resulted in improvements in the quality of training.

Continued Focus on Assessment

The current Los Angeles job training system has been a leader in developing learning outcome measures for youth--a series of performance tests which help assess the new skills and knowledge acquired by trainees. Until very recently, the Los Angeles program for adults has focused assessment almost exclusively on limited measures of labor market success, i.e. the hourly wage level at placement and whether or not individuals remain in their first job for at least 90 days. Both labor market and learning outcomes should be assessed in the future, with a greater eye toward the "value added" to an individual's employment prospects by program participation.

The current system of job training in Los Angeles can be transformed, and it can happen in the next two or three years. The major actors can become allies in a joint venture which will benefit job training participants and the economic well-being of the City.

The City Council, the Mayor, and private employers can assume a leadership role both in directing job training policy and assuring that quality jobs are made available to qualified trainees. New resources from the private sector can be brought to a system with greater purpose and vision. The current bureaucratic maze can be rationalized and streamlined.

Other key training agencies, especially adult and vocational education services in the L.A. Unified School District and L.A. Community College District, can be leveraged more effectively. Community agencies can work well with the corporate community and public

education in joint efforts to better serve clients. The tens of thousands of Los Angeles residents in need of quality job training deserve nothing less.

Background on JTPA Nationally And in Los Angeles

The federal Job Training Partnership Act (JTPA) is the principal source of federal training funds targeted towards economically disadvantaged youth and adults. Title IIA is the major training title of the law, and normally provides the Los Angeles City Service Delivery Area (SDA) about \$20 million each year to train eligible youth and adults. The Panel focused its study on Title IIA because its administration has caused the most concern among all involved parties.

In Los Angeles, JTPA funds are administered by the Community Development Department (CDD), an agency of city government which also manages others programs aimed at low-income people. The law requires a policy and oversight responsibility for the Private Industry Council, which must have a majority of private sector representatives.

The Los Angeles PIC is a private, non-profit agency which until two years ago had its own staff and a fairly sizeable budget. In some ways it existed as a small but parallel administration to CDD for JTPA programs. In 1987-88, its operations came under intensive public scrutiny, with accusations of contracting improprieties and other abuses of its authority. At that time the Council and the Mayor's Office acted to curb its powers by re-writing the Private Industry Council-Local Elected Official (PIC-LEO) Agreement, removing the PIC funding approval role and its separate staff and budget authority.

The history of JTPA in Los Angeles is filled with tensions between the City (especially CDD), the PIC, and the 60 plus agencies which compete for Title IIA funds to provide training. The most common complaint about the administration of JTPA in Los Angeles is that the system is too complex, with too many steps in decision-making. The Panel believes that this complexity is not a function of uncaring bureaucrats at CDD, but rather stems from the extensive system of checks and balances which has evolved from the lack of trust among the key actors.

In the past two years, two events strained the Los Angeles' JTPA system such that the Mayor formed the Panel to suggest a better way to conduct business. The first was

expenditure of about \$13 million of carry-over funds in 1989. The second was a highly contentious grant competition which dragged on for over a year into the late summer of 1990. The outcome of these two events was contrary to PIC and CDD plans and policies and resulted in serious disruptions in service to JTPA participants.

From its study, the Panel concludes that the current complexity and mistrust stem from a lack of clear vision for job training services in Los Angeles and a breakdown in effective governance.

Recommendations for a Broader Vision of Job Training Services in Los Angeles

A new report on the skills of the American workforce called America's Choice: High Skills or Low Wages! suggests that our nation is unwittingly choosing to train a dual labor force: a minority of well educated technical and professional people who are leading the good life, and a majority of poorly educated, low paid service and manufacturing workers struggling to get by. The Panel believes that this analysis is increasingly true of Los Angeles. Government, education and employers in Los Angeles need to raise standards and work collectively towards a more highly skilled, better paid workforce for the well-being of our community.

JTPA is a rare resource in this challenge to improve the skills of the economically disadvantaged. While JTPA is flawed, and filled with constraints, its resources need to be part of a larger vision of improving the skills of the Los Angeles workforce. For this to happen, the Panel believes that the Private Industry Council should lead an effort to answer some basic questions about the purpose of job training services in the city. The Panel feels a responsibility to share what it has learned in the past several months to help guide the development of that vision. Its insight on each of the basic questions follows, along with recommendations, which appear in bold face type.

For what types of jobs should JTPA prepare participants?

From its analysis of JTPA training in Los Angeles, the Panel concluded that the vast majority of present training is for occupations that are relatively low skilled and low paying, with limited opportunities for advancement. Most jobs are well outside the

mainstream of corporate labor markets where there are greater opportunities for further training, as well as better benefits and working conditions. In this respect, the Los Angeles JTPA program resembles others nationwide. Federal requirements about who can be served and how much can be spent for training, as well as incentives to pay contractors for placement rather than quality placement lead to these outcomes.

Neither the Private Industry Council nor CDD has focused enough attention on the quality of job placement. The Los Angeles County PIC has begun to move in this direction and it is working with the City PIC to encourage similar action.

The Panel believes that job training services in Los Angeles need to move towards training for higher quality jobs, and that major corporations need to be part of such a strategy. Specifically, the Panel recommends the following:

1. The PIC should critically review past distributions of placements by occupation, and establish criteria for assessing the quality of jobs for which JTPA participants are being trained.
2. On the basis of its assessment of past placements and using the criteria it adopts to evaluate job quality, the PIC should identify and target some high quality occupations for increased JTPA training.
3. The PIC should aggressively seek hiring commitments from corporations with needs for labor in the targeted occupations identified by the PIC.

Which clients should receive priority for services?

Based on widely held perceptions that JTPA "creams," i.e. draws from the more able among its eligible population, the Panel studied current enrollments and determined that while creaming is a problem nationwide because of the incentives of the law, Los Angeles is less guilty of creaming than most cities. However, in Los Angeles the proportion of individuals currently served who are high school dropouts and/or individuals with low basic skills is smaller than the overall eligible population. When JTPA is reauthorized, it is almost certain that SDAs will have to increase services to individuals with poor basic skills.

Another frequently heard criticism of Los Angeles JTPA is that the system of distributing funds to agencies in pre-determined Labor Market Planning Areas (LMPAs)

results in inappropriate assignment of clients to training programs. The PIC and CDD have responded to this criticism and allowed enrollment of participants outside their LMPA.

Finally, the Panel believes that in setting priority groups for services, a great deal of care is required. The JTPA asks SDAs to serve those most in need **and** those who can benefit. Those most in need may not be those who can benefit. The Panel believes that the concept of "added value" should be considered in setting priorities for service: Efforts need to be made to determine which of the potential clients will gain most in skills, productivity, and earnings as a result of being trained.

4. While the Panel feels that the prior practice of funding contractors based almost solely on job placements has certainly encouraged some "creaming," overall creaming is not a major problem in Los Angeles. However, JTPA in Los Angeles will need to respond to new federal pressures to serve more clients with poor basic skills.

5. The Panel believes that the current LMPA system is fair and equitable. It urges that the practice of allowing agencies to enroll participants outside of their LMPA residency be continued.

6. The Panel urges the PIC to exercise care in setting priorities for which groups should receive services. It also urges the PIC to give greater consideration to "added value," i.e. determining which potential participants are likely to gain most from JTPA training.

How can the quality of services be improved?

In studying the issue of quality of training, the Panel has had the benefit of several recent studies which look at the effectiveness of services not just in the narrow terms of placement and wages. To determine client views of job training in Los Angeles, the Panel also sponsored a telephone survey of 110 current or recent JTPA participants.

The results of the Panel's survey mirrored a similar survey sponsored by the PIC two years ago. JTPA clients in Los Angeles are generally satisfied with the services they receive and 75% said they would definitely recommend the program to a friend. And as already mentioned, JTPA in Los Angeles has consistently met the job placement and wage performance standards established by the federal and state government.

But there are clearly problems in the quality of services under JTPA, not just in Los Angeles but nationally. A PIC sponsored evaluation found little coordination among the various service providers. The established performance measures are too narrow and don't

provide insight into long term effects of training. Not enough placements are in quality jobs.

Based on the conclusions of several recent national studies, a recent evaluation of Los Angeles JTPA, and the observations of individuals interviewed by the Panel, the Panel believes that the following issues of training quality should be addressed by the PIC:

Comprehensive Services

Although as of this writing new JTPA legislation has not yet passed Congress, it appears certain that when it does, SDAs will be required to serve clients with greater needs for basic skills remediation. A larger proportion of clients with greater barriers to employment will, in effect, further force SDAs to provide what a recent study calls "a comprehensive package of services that addresses all the employment barriers facing each JTPA enrollee." Some SDAs, Seattle/King County for example, have already moved towards a service delivery system with fewer providers offering a greater array of services, including quality child care and substance abuse counselling. Los Angeles will need to carefully examine its current delivery system based on the ability of contractors to offer comprehensive training and related services.

7. In response to changing federal law and the broader needs of the JTPA eligible population, future competitions for JTPA Title IIA funding should reward agencies able to deliver a comprehensive "package" of services. The PIC should consider strong incentives for those contractors able to leverage non-JTPA funds to help provide such comprehensive services.

8. The PIC should prepare the current service delivery system for this shift to comprehensive services well in advance of the next grant competition by clearly defining and citing examples of comprehensiveness, through written documents, workshops, and training.

Cautions About On-the-Job Training

A recent national study offered a valuable service to SDAs that are trying to determine the mix of services they offer, especially between on-the-job and classroom training. Over 40% of all adults and nearly 20% of all youth in the 1989-90 Los Angeles program participated in on-the-job training (OJT) whereby employers are subsidized for half of the wage of trainees in exchange for the cost of the training provided by employers. Both the national study and comments by several individuals interviewed by the Panel

suggest that abuses in OJT exist. The primary abuse is OJT being used simply as a subsidy for employment rather than direct training.

While the Panel was not able to make any systematic judgment of the extent of OJT abuse in Los Angeles, it believes that much greater scrutiny of OJT is needed.

9. The PIC should provide strong scrutiny of OJT contracts to assure that quality training is made available to participants. OJT arrangements also need to be developed consistent with the Panel's earlier recommendations that training be for higher quality jobs.

Coordination with Public Education

Given limited resources for training the economically disadvantaged for employment, coordination of JTPA services with public education is crucial. JTPA funding for job training is paled by the resources available to and the services offered by adult and vocational education both in the L.A. Unified School District and the L.A. Community College District. In fact, a great deal of coordination already exists in the form of contracts from JTPA to both the Los Angeles Unified School District and the Los Angeles Community College District--two of the largest contractors in the system.

Public education is in the unique position of being able to provide front and back end services to JTPA clients. For example, potential JTPA clients needing improved language skills can secure them at an adult education program prior to JTPA enrollment. Or job skill levels and employment prospects of JTPA graduates can be further improved through longer term training offered by community college vocational programs.

The difficulty in achieving such coordination stems from the complexity of and pressures on all of the involved systems. Los Angeles has a beleaguered and fast growing school system, the second largest in the nation, and a likewise beleaguered, very large community college district. Both are politically sensitive and financially strapped institutions with many problems to face aside from coordination with JTPA.

But there is a common ground for coordination with public education. The challenge for Los Angeles is to establish the right mix of community-based organizations (CBOs) and education agencies to deliver comprehensive services. Work needs to be done

to forge effective alliances between the schools and the CBOs, as has been done recently through placing LAUSD personnel with CBO-based training programs.

The Panel believes, based on its interviews, the public forum, and correspondence received, that the current relations between the SDA, the community colleges, the LAUSD, and CBOs are clouded by competition and resentment rather than the spirit of cooperation to achieve better services. The Panel sees several ways of achieving a better working relationship between public education and job training.

10. The PIC should invest in a careful study of current and past practices of coordinating JTPA with the community colleges and LAUSD, identifying barriers and ways to overcome them, and recommending new models for such coordination.

11. Based on this expanded knowledge of education-JTPA coordination, the next grant competition should reward creative combinations of services between CBOs and education agencies, with a specific amount of funds set aside for such activity.

12. Improved relations between JTPA, the LAUSD and the Los Angeles Community College District need to be a priority for the PIC. One step to achieve this is the serious involvement of the Superintendent and Chancellor through appointment to the PIC.

For what should JTPA be held accountable?

Overall, the Panel feels that the JTPA program in Los Angeles is moving in the right direction regarding the assessment of participants. National criticism of the use of placement as the primary criteria for assessing performance has led to a shift in federal policy towards multiple measures of "value added." The Los Angeles SDA has been a leader in developing a system of measuring youth competencies and thus should be well positioned to apply similar competency measures towards adult participants.

The Panel believes that, especially for adult participants, both learning outcomes and labor market outcomes need to be measured. The federal standard for labor market outcomes has been too narrow and there is a need to track not only the percentage and cost of placements, and wage levels, but also the quality of jobs. There are ways to do this using state unemployment insurance data which are relatively low cost.

For learning outcome measures, both for adults and especially for youth, the Panel urges JTPA to go beyond simple paper and pencil tests and use actual performance methods. Also, in analyzing both learning and labor market outcomes, considerations need to be made to various client backgrounds.

13. All JTPA programs should adopt two generic types of performance measures and performance standards: learning outcomes and labor market outcomes.

14. Individuals and programs should be held to multiple measures of learning and labor market outcomes.

15. At least one measure of value added and one measure of programmatic change over time should be incorporated into assessment.

16. Evaluations of individual performance, as well as that of training programs, must control for important differences in the characteristics of program participants.

Recommendations for Improving Governance

Based on its analysis of the current system of operating JTPA, the Panel believes that the issue of governance needs to be addressed immediately, with the following goals in mind:

1. To create a viable, cooperative working relationship among the major JTPA actors, thereby reducing and ideally eliminating the adversarial relationships which currently exist.

2. To streamline the decision-making process regarding JTPA policies and funding decisions, which in turn should help streamline the entire process of administering JTPA.

3. To maximize the opportunities for serious and effective involvement by private sector partners, with emphasis on a) improving the quality jobs for which participants are trained and placed; and b) developing non-JTPA resources to serve eligible participants more effectively. Greater resources will lead to greater choices for participants thereby increasing their opportunities to become economically self-reliant.

4. To develop a job training system which is closely linked to public and private sector economic development activities in Los Angeles.

5. To establish through consensus a coherent vision for job training services, minimizing both the need for and practice of unwarranted political intervention in JTPA policies and administration.

The Job Training Partnership Act is a unique federal law which encourages a strong role in policy and management of federal funds by the Private Industry Council. For reasons explained above, Los Angeles chose two years ago to discourage a decisive role for its PIC by rewriting the PIC-LEO agreement which defines PIC powers. The Panel believes it is time to change that policy. Los Angeles needs a strong PIC to provide leadership to a system which currently suffers from lack of leadership.

The following are the Panel's recommendations regarding the restructuring of PIC membership:

17. Business and industry representation on the PIC Board should continue to be strengthened, adding members according to their ability to:
a) command respect in the private sector and in the community at large;
b) serve as employers of JTPA graduates and/or influence other employers to hire JTPA trained people, especially for "quality" jobs; and c) help raise private funds to augment federal job training monies.

18. The PIC-LEO agreement should be rewritten to restore co-equal authority to the PIC in determining funding decisions for JTPA.

19. Public sector and community-based organization representation should be changed with two goals in mind: a) encouraging much greater cooperation between the JTPA system and public education agencies; and b) removing perceptions of conflict of interest.

Needed Changes in Administrative Authority

The Panel considered four options for restructuring the governance of JTPA in Los Angeles. All four assume a stronger PIC as spelled out in recommendations 17-19. The options considered were: 1) Privatizing the administrative function by removing management of JTPA from the City and transferring it to the Private Industry Council; 2) Separating the job training function out of CDD into a new Department overseen by a commission made up entirely of PIC members; 3) Establishing a commission to oversee CDD, with overlap in membership between the PIC and the new Job Training Commission; and 4) Preserving the current administrative arrangement with job training remaining a division of the Community Development Department.

Figure I presents a simple analysis of each option according to the promise it holds for achieving the five goals for improving governance listed on page 11. The terms

"strong," "moderate," and "weak" are used to rate the Panel's projections of potential outcome on each consideration.

Figure I: Comparison of the Four Governance Options

	<u>Option I: Privatization</u>	<u>Option II: Commission with Separate City Department</u>	<u>Option III: CDD with Commission</u>	<u>Option IV: No Administrative Changes</u>
1. Create improved working relationships	Strong	Strong	Weak	Weak
2. Streamline decision-making/bureaucracy	Strong	Moderate	Weak	Weak
3. Maximize private sector involvement and resources	Strong	Moderate	Weak	Weak
4. Maximize linkages to economic development	Moderate	Moderate	Moderate	Moderate
5. Create coherent vision without political intervention	Strong	Moderate	Moderate	Moderate

While improved relationships can result from any of the four options, the Panel believes they are more likely to come from a system with direct accountability between the PIC and the agency administering JTPA. Both Options I and II achieve such direct accountability.

The Panel has doubts about the potential for streamlining the bureaucracy with a JTPA program administered by the City, with or without a commission. A well run, independent PIC will have fewer bureaucratic constraints than a well run city agency.

The Panel believes that the major advantage of transferring JTPA administration to the Private Industry Council is the much greater likelihood that strong private sector representation can be achieved and sustained. Private sector suspicion of government processes is considerable. As the administrative authority, the PIC would be able to raise other resources and broaden its role in helping prepare disadvantaged youth and adults for employment. In short, the Panel's

vision of a strong PIC, able to leverage non-JTPA resources and better quality jobs for participants, is much more likely to be achieved with the greater PIC independence resulting from privatization.

Potential linkages between job training and economic development was not studied in depth by the Panel. There are advantages both to public and private management. With JTPA part of city government, there should be greater opportunity to tie city job training policy with city-driven economic development policy. But economic development is by definition a public/private venture, and a PIC with very strong private sector representation and good relations with the City can also achieve such linkage.

The Panel feels that the strongest Private Industry Council will be one which also has administrative responsibility. The PIC should lead the creation of a coherent vision for JTPA and job training viewed more broadly. Its own staff, with direct accountability to the PIC policy board, should then be responsible for implementing that vision, thus providing the link between policy and implementation which the Panel believes is missing under current arrangements. With the PIC truly in charge of job training policies and their implementation, the need for unwarranted political intervention should also be minimized.

The Panel feels that privatization offers the greatest potential for improving job training in Los Angeles. It also recognizes that there are a number of possibly negative consequences to privatization.

The first is the disruption privatization would cause both for current CDD employees and possibly for the delivery of services. The process of transferring some employees from the City to the PIC will have to be handled very carefully, respecting Civil Service and union protection, as well as affirmative action concerns.

Privatization also poses transfer costs concerns. The current management systems at CDD could not simply be transferred over to the PIC since JTPA is only one of several CDD management responsibilities. There clearly would be initial costs for developing new systems, policies and procedures. Some of these costs, however, would apply also to moving job training to a separate city department. There would likely be both transfer and maintenance costs in creating a new commission for job training as well.

Finally, privatization causes some to look back at the situation two years ago with the Private Industry Council and fear a recurrence of problems, possibly on a much grander scale. Not all SDAs with independent PICs, separate from government and with administrative authority, work better than SDAs with government handling administration. Critics of privatization wonder if the disruption to current CDD employees, the transfer costs, and the possible abuses by an independent administrative body can be justified.

The Panel believes that while there certainly would be initial transfer costs and disruptions in privatization, in the long term there could be considerable cost savings and program efficiencies with the greater freedoms possible through private management. Nor should or could the City simply abandon its oversight role. JTPA requires that the program be a partnership between government and the PIC, with ultimate authority resting with elected officials. But a well run PIC could, in effect, save the City considerable expense in operating costly appeals and review processes. Privatization of job training services would represent a rare instance of the reduction of government.

The Panel supports privatization as the most effective option and recommends the following changes in administrative authority:

20. The PIC-LEO agreement should be rewritten to transfer administrative authority for JTPA from the City to the Private Industry Council. This should include the management of all funding competitions, and the power, subject to the City's review as required by JTPA, to choose grantees. A reasonable period of transition should be allowed for this transfer of authority, but not longer than 12 months.

21. To assure competent management of JTPA funds by the new PIC, the City should remain as the grant recipient during the first year of the new PIC administration. But thereafter, once the City determines that appropriate systems are in place, the City should also transfer the grant recipient role to the PIC.

22. Once the PIC is reconstituted, it should immediately conduct a search for an executive director who would manage the transition process under PIC direction.

The Panel has purposely stayed away from detailed recommendations about how to proceed with the proposed transition. But it is clear that action should occur quickly. The PIC-LEO agreement should be rewritten. The PIC Board should be reconstituted, and the first action of the new Board should be the search for and hiring of an executive director. The new PIC's choice of an executive director is clearly a crucial decision, and should

without question, be subject to the approval of the Mayor and City Council. Once appointed, this individual should manage the transition period and begin to build the appropriate policies, staff, and management systems.

The Panel knows full well that for many, its recommendation to "privatize" the administrative function will be difficult to accept. But the legitimate concerns about privatization held by some in the current system can be addressed and dealt with fairly.

To be truly effective, job training services for disadvantaged youth and adults must have a resource base much greater than the declining federal dollars provided by the Job Training Partnership Act. For this to happen, there must be a great deal more interest and participation by private sector leadership. Only with privatization is it likely that such leadership will emerge. The Panel believes that half-way measures will not work.

Strategic Plan

Los Angeles Job Training Assessment Panel Strategic Plan

Mission: To provide guidance to public officials, business and industry leaders and other community leaders in an effort to improve job training services in the City of Los Angeles.

Goals

- I Restructure both the policy-making and the administration of JTPA in Los Angeles in order to improve the effectiveness and efficiency of job training services for the economically disadvantaged.
- II Establish a job training system recognized nationwide A) for the active participation by and contributions of business and industry; and B) an exemplary performance measurement system assuring labor market gains for individuals and high performance by JTPA contractors.
- III Establish a job training system characterized by comprehensive services to eligible participants, by leveraging JTPA funds with resources from public education, the private sector, and other social services.

Key to "Responsible Parties"

Mayor:	Mayor's Office
City Council/Mayor:	Appropriate agencies of city government including Chief Legislative Analyst, City Administrative Officer, City Attorney, City Council committees, etc.
New PIC:	Private Industry Council Board as restructured by March, 1991
Private Sector:	Business and industry leaders from current and new PIC, Chamber of Commerce, Workforce LA and others
CBOs:	Community-based organizations active in job training services in Los Angeles
Consultants:	Private consultants, representatives from other JTPA localities, university-based researchers, etc.
PIC Executive Director:	CEO for new PIC (and his/her staff)
LAUSD, LA Community Colleges:	High level representatives from the Los Angeles Unified School District and Los Angeles Community College District

GOAL ONE: Restructure both the policy-making and the administration of JTPA in Los Angeles in order to improve the effectiveness and efficiency of job training services for the economically disadvantaged.

STRATEGY: Significantly increase the policy-making authority of a newly constituted Private Industry Council. "Privatize" the administration of JTPA by shifting management responsibilities to the Private Industry Council.

ACTION	DATE OF COMPLETION	RESPONSIBLE PARTY
A. Review, adapt and adopt the Job Training Assessment Panel's recommendations on JTPA governance	February, 1991	Mayor, City Council/Mayor
B. Revise and adopt a new PIC-LEO agreement based on Panel recommendations	April, 1991	City Council/Mayor
C. Reconstitute membership of PIC consistent with Panel recommendations	May, 1991	Mayor, Private Sector, CBOs
D. Develop plan to transfer administration of JTPA from City to PIC	June, 1991	City Council/Mayor
E. Hire a PIC Executive Director	August, 1991	New PIC, City Council/Mayor
F. Review and assess other privatized JTPA programs	September, 1991	PIC Executive Director/ New PIC
G. Develop operational plans for PIC as administrator	October, 1991	City Council/Mayor, New PIC, PIC Executive Director
H. Review of operational plan and report for approval to the Mayor and City Council	November, 1991	PIC Executive Director, New PIC
I. Transfer JTPA administration from City to PIC	November, 1991 (Goal achieved)	PIC Executive Director, New PIC

GOAL TWO: Establish a job training system recognized nationwide for A) the active participation by and contributions of business and industry; and B) an exemplary performance measurement system assuring labor market gains for individuals and high performance by JTPA contractors.

STRATEGY: Strengthen industry and business participation on the PIC Board by adding corporate members who are 1) in decision-making positions in their companies; 2) willing to commit "quality" job placements for qualified JTPA graduates; and 3) willing to help raise job training funds from private sources to supplement JTPA. Focus PIC efforts on establishing performance measures.

ACTION	DATE OF COMPLETION	RESPONSIBLE PARTY
A. Recruit high level corporate members for new PIC Board	April, 1991	Mayor, Private Sector
B. Develop analysis of current JTPA job placements, and criteria for setting goals to improve job quality	November, 1991	New PIC, Executive Director, Consultants
C. Gain private sector commitment for placement of at least 10% (500 plus) of JTPA graduates into high quality jobs	January, 1992	New PIC, Private Sector, PIC Executive Director
D. Set goals for private fundraising for job training services to supplement JTPA	March, 1992	New PIC, Private Sector, PIC Executive Director
E. Develop performance measures for participants and contractors consistent with August, 1992 request for proposals	July, 1992	New PIC, PIC Executive Director, Consultants
F. Meet private sector fundraising goals in time to enhance funding awards through PIC-run grant competition	January, 1993 (Goal achieved)	New PIC, Private Sector, PIC Executive Director

GOAL THREE: Establish a job training system characterized by comprehensive services to eligible participants, by leveraging JTPA funds with resources from public education, the private sector and other social services.

STRATEGY: The new PIC should undertake an extensive planning process to prepare for a new JTPA grant competition in early 1993. This competition should be driven by the recommendations for a new vision of job training in Los Angeles: more comprehensive services, leveraged by other resources to serve a needier population; training for higher quality jobs; and a strong and reasonable performance evaluation system both for participants and service delivery agencies.

ACTION	DATE OF COMPLETION	RESPONSIBLE PARTY
A. Based on analysis of local labor market and current quality of JTPA job placements, set measurable goals for improving job quality	April, 1992	PIC, Executive Director, Private Sector, CBOs, Consultants
B. Based of examination of practices in other SDAs and extensive consultation with current JTPA contractors, set measurable goals for providing more comprehensive services and the leveraging of other resources, public and private	April, 1992	PIC, Executive Director, CBOs, Consultants
C. Develop agreements with key public education agencies about their role in the broader JTPA service delivery system, to be incorporated into 1993 Request for Proposals	July, 1992	PIC, Executive Director, LAUSD, LA Community Colleges
D. Write a draft of the Request for Proposals to be discussed in a series of public forums	August, 1992	PIC, Executive Director
E. Complete public forums on Request for Proposals and revise accordingly	November, 1992	PIC, Executive Director
F. Proposals solicited and completed	February, 1993	PIC, Executive Director
G. Proposals reviewed and funding decisions made	April, 1993	PIC/Executive Director, other expert advisors as needed
H. Final approval of funding decisions; new grantees begin operations	July, 1993	City Council/Mayor

Introduction

INTRODUCTION

In May of 1990, Mayor Tom Bradley asked John Singleton of Security Pacific Corporation to head up a panel of business, industry, and other community leaders to review the City's job training programs and make recommendations for improving their efficiency and effectiveness. Singleton is the chair of Workforce LA, a partnership of business, labor, government and education leaders dedicated to preparing the region's current and future workforce.

The Panel formed and began meeting in early June. Its mission was simply stated: to develop and recommend a strategic program to ensure a training and employment delivery system that meets the evolving needs of participants and industry. Based on past experience with such task force groups, Panel members decided to work quickly, with high energy and a short timeframe for achieving its mission. This report, and the attached strategic plan for carrying out its recommendations, is the product of the Panel's labor. To produce the report, the Panel received staff support from the Mayor's office, various city departments, Workforce LA, and private consultants.

The Panel and its staff relied heavily on interviews with the key participants in job training services in Los Angeles: city staff, especially the Community Development Department which administers the Job Training Partnership Act (JTPA) in Los Angeles City; board members of the Los Angeles Private Industry Council (PIC), which has policy and oversight responsibilities; and representatives from the agencies, public and private, which are contracted to provide direct services to eligible youth and adults.

In early August, the Panel held an open public forum for job training contractors and received both written and oral testimony. In September, telephone interviews were held with more than 100 current and recent participants in the City's JTPA programs. Panel staff reviewed thousands of pages of previous Los Angeles JTPA studies, policy documents, and internal communications. Representatives from the State Employment Development Department (EDD), which monitors all local JTPA programs, met several times with Panel staff and also provided helpful documents. The Panel also met with representatives of the federal Department of Labor.

In developing recommendations for this report, especially those concerning governance, Panel staff conducted extensive telephone interviews with representatives from

other big city JTPA programs. Recent national studies of JTPA also influenced the Panel's thinking.

Chapter I is a description of the context for the Panel's work, reviewing the national Job Training Partnership Act and its implementation in Los Angeles. Chapter II is an analysis of the current problems in the system. Chapter III deals with the importance of developing a more coherent vision for job training services in Los Angeles. It addresses issues of who should be trained and for which jobs, the quality of training, coordination with other training agencies, performance standards and assessment. Chapter IV addresses needed changes in governance. A brief strategic plan to carry out the recommendations made in Chapters III and IV precedes this Introduction.

I. National and Local Context

I. NATIONAL AND LOCAL CONTEXT

The Job Training Partnership Act

The Job Training Partnership Act (JTPA) is a federally sponsored and funded law enacted in 1982. It is the successor to CETA, the Comprehensive Employment and Training Act, and represents the federal government's current policy towards preparing "economically disadvantaged" youth and adults for gainful employment. In practical terms, JTPA funds are targeted roughly towards the bottom 20% of the population in terms of income.

JTPA is intended to represent a shift away from previous "manpower" (now called employment and training) policies in several ways:

- The process-oriented nature of CETA, whereby program operators were simply paid for providing training, is replaced by an outcome or performance base, whereby payment is made for results, especially placement in jobs.
- JTPA is intended to be much more "business like," bringing the private sector into into the picture in a more direct fashion. JTPA establishes Private Industry Councils to jointly set policy with government, and these councils must have a majority of private sector members. Private contractors, including proprietary schools and entrepreneurial for-profit businesses, are encouraged to participate in the system, which is supposed to be much less bureaucratic due to the performance payment system.
- While the federal government prescribes performance measures and the types of training activities which can be supported, the power to shape local programs is left to the states and localities as it was under CETA. In practice, most states have chosen to play a monitoring only role, and the special districts which receive JTPA funds, called Service Delivery Areas (SDAs), are generally given broad discretion to run their programs.
- CETA provided funds for training, as well as funds to pay people for working (public service employment). JTPA stresses training only, although on-the-job training is permitted, whereby employers receive a short term subsidy for training newly hired, JTPA-eligible workers.

JTPA, then, represents a major shift in federal job training policies. But it was superimposed upon an existing system under CETA and took several years to take hold. Equally important, the resources made available by the federal government have been

steadily reduced since CETA, with most localities in 1990 receiving less than half the federal dollars of 1980--without adjusting for inflation.

Yet JTPA still represents the federal government's major commitment to job training policy for low-income people and others who face barriers to gainful employment. The law has been under intense scrutiny in recent months and some changes are already being made with others anticipated.

Serious questions are being raised about performance measures, and the incentives which "payment for placement" have created, especially to enroll more able participants since they are more likely to be placed. Federal policy is moving in the following directions:

- Greater emphasis on basic skills training
- Movement towards competency-based job skills training
- Priority services to harder-to-serve populations, e.g. drop-outs, people with poor basic skills, and welfare recipients
- More focus on coordination with other education and job training systems
- New performance measures which will indicate long term employment gains for participants

There is concern among many local administrators that while most of the new directions being prescribed from Washington make good sense, there is a real danger that a basic premise of JTPA (and CETA before it)--that local communities know best how to use federal job training funds--is being threatened. The new law appears to call for much greater oversight by Washington.

This is the national context in which the Job Training Assessment Panel conducted its study of JTPA in the Los Angeles City Service Delivery Area during the summer and fall of 1990. But as noted above, current federal law, by design, has given considerable latitude to local SDAs to run their own programs.

JTPA in Los Angeles: A Little History

Job training in the City of Los Angeles is administered by the Community Development Department (CDD). This unit of city government also operated CETA. CDD

operates several different federally funded "poverty" programs, but JTPA is the largest, with a current federal allocation of approximately \$40 million. The federal law has several titles, each of which targets job training for different populations, including adults, youth, and displaced and older workers.

The Panel looked only at Title IIA, which is the major training title for both adults and youth. It usually represents about half of the JTPA allocation to the City. The focus is on Title IIA because its administration has caused the most concern among all involved parties: CDD and other city agencies, the Mayor's Office, City Council, the Private Industry Council, and the 60 plus contractors which compete for Title IIA funds and operate programs.

When JTPA began in 1983 the vast majority of current contractors--mostly community-based, non-profit organizations--already had a long history of contracting with CDD through CETA and directly with Washington through earlier federal manpower programs. As a group, they are well positioned in their communities and are influential with their local elected representatives. When the new Private Industry Council under JTPA came into place, some of these contractors were appointed to the council, and some still serve on today's PIC.

Transition under JTPA to the new performance-based system was, apparently, not easy at first. According to state officials, the Employment Development Department was critical of Los Angeles City's performance during the first year of implementation of JTPA. No sanctions were imposed, but the City was warned that unless changes in policies and practices occurred, financial penalties could be imposed by the state. CDD reacted strongly to the prospect of state sanctions, and according to most observers set in place a much stronger system of controls and sanctions for its contractors around 1984-85.

The positive side of CDD's tightening of controls is that the City's Title IIA program met and exceeded federal and state performance goals, and as a result was awarded additional "incentive" funds in subsequent years. In other words, judged by the state and federal government's guidelines for performance, the Los Angeles SDA became a high performer.

But the negative outcome was to exacerbate a long standing adversarial relationship between CDD and its contractors. In the research done for this report, and in the public

hearing held for contractors, the Panel heard few kind words for CDD from its contractors. According to one, "the performance numbers may look good for the state, but for contractors it means late payments, haggling over small points, and conflicting signals about how to run our programs."

The situation came to a head in 1987 regarding the "benchmark payments" method CDD was using to pay service providers. Contracts with CDD called for a series of payments to contractors in accordance with their completing certain steps or "benchmarks" in the process of training. In the early 1980's many of the contractors banded together and formed the Los Angeles Regional Coalition of Service Providers to act collectively to influence CDD policies. They were upset enough about new CDD reimbursement practices to file a formal complaint, first with the City and finally with the state. CDD denied their claim, stating that the coalition did not have standing as an interested party. The coalition appealed to EDD which found that "the Regional Coalition does have standing to file its complaint with the Los Angeles City SDA." The City complied with the EDD ruling and a compromise between the coalition and the City was reached. Some service providers considered the outcome to be a victory; the City felt that it had achieved an effective compromise.

The tension between CDD and its contractors mushroomed further following a ruling in 1989 by the state that local SDAs could not continue to carry-over large amounts of unexpended funds. Between 1983 and 1987 about \$13 million in unexpended Title IIA funds had accumulated in the Los Angeles SDA, and each year CDD had carried funds over as a balance.

The state ruled in 1989 that it would allow SDAs to carryover only 20% of the total available, i.e. the annual allocation plus any carryover. Although the ruling applied to all SDAs, state officials told Panel staff that the primary target was Los Angeles and its large unexpended balance. One state official said "Given the tremendous need for services in Los Angeles, there was no way to justify such a large carry-over in funds."

In 1989-90, the City would have to spend about \$30 million on Title IIA, about \$8 million more than spent in 1988-89, to meet the new state "recapture" requirements. In other words, if Los Angeles did not spend at least \$30 million in 1989-90 Title IIA funds, the state would recapture monies allocated to the City and reallocate them to other SDAs.

CDD officials responded and developed a plan to spend the 80% or \$30 million, which would leave about \$5 million to carryover into 1990-91. This was the rational way to deal with the state requirement. It would spread out the "windfall" over two years (or more). And it would provide a larger pool of funds for a new grant competition for contractors which was already underway and scheduled to be completed in time for the 1990-91 program year.

The complex City contracting methods, requiring extensive reviews of any contract modifications, influenced CDD to add to public agency allocations (e.g. the school district) since such augmentations were not subject to the same review procedures as private agencies. Some new projects were initiated and many contractors received substantial augmentations.

But CDD's plan to limit spending for Title IIA to \$30 million was not met, and the entire \$35 million was committed. There are conflicting explanations about why this occurred. But the Panel can only conclude that the complex review and decision-making process between CDD, other city agencies, and the PIC (see Tables 1 and 2, pages 77 and 78) broke down.

The grant competition process proceeded in late 1989 and through the spring of 1990. Designed to take 47 weeks from the issuing of a request for proposals to the awarding of grants, the decision-making process dragged on even longer, with ultimate decisions made through an extensive appeals process involving a special appeals board, City Council committees and the full City Council. The Appeals Board and ultimately the City Council had to consider 17 different funding options created by the appeals process.

The final outcome pleased very few of the involved parties. Virtually all of the contractors funded in the 1986 competition were once again funded, and in accordance with PIC policy and state recommendations, some new contractors were added. But the number of new contractors was much smaller than CDD and the PIC recommended, despite some promising possibilities to bring new blood into the system.

The total funding available under Title IIA for 1990-91 was substantially reduced. The "windfall" \$13 million carry-over was completely gone, and the City experienced about a 5% cut in its anticipated allocation from the state based on a new allocation formula. The result was serious cuts in funding for most existing contractors, and devastating ones

for others. For example, a new and promising program for young offenders run by the California Youth Authority was funded in 1989-90 at about \$750,000. CYA asked for funding to double the program's size in 1990-91, but was awarded less than \$100,000 for a nine month period starting in October, 1990.

The process of "gearing up" for the 1989-90 windfall year, and then gearing down for 1990-91, caused tensions between CDD and contractors to rise to a new height. More important, the result was a severe cutback in services to JTPA-eligible participants.

The Role of the Private Industry Council

A great deal of the focus of this report in subsequent pages will be on ways to restructure and improve the effectiveness of the Los Angeles Private Industry Council. It is important to note that the current PIC has been an invaluable source of information and insight for the Panel, and has made great strides during the past two years to provide leadership to the administration of JTPA.

This new PIC came into being following a period of controversy surrounding PIC operations. During the first few years under JTPA, the PIC took advantage of the federal regulations allowing for PIC incorporation, and was established as a separate non-profit body. The PIC hired its own staff and had a consulting budget to help it carry out its policy and oversight responsibilities under the law.

But in 1987-88, the PIC's own operations came under intensive public scrutiny, with accusations of contracting improprieties and other abuses of its authority. The Mayor's office intervened, the PIC's Executive Director resigned under pressure, and a new majority was appointed to serve as PIC members.

At the same time, a new "Private Industry Council-Local Elected Official" (PIC-LEO) agreement was adopted, substantially reducing the PIC's powers. Over time, PIC staff were dismissed or transferred to civil service positions, and its separate offices were closed. The PIC now receives staff support from a full time executive assistant who is technically part of the Mayor's office staff and serves as the principal PIC liaison to CDD and other city offices. The intent of this new arrangement was to have CDD serve directly as staff to the PIC.

The relationship between the PIC and CDD has, by all accounts, always been contentious. PIC members feel they are not given adequate information to fulfill their policy role, and their policies are often not carried out. CDD staff feel that the PIC is overly concerned about management details, and is dominated by contractors who too often act out of the interest of their agencies rather than the broader interests of JTPA clients.

By the current chair's own account, the Los Angeles PIC is at a crossroads. In a letter to the Panel, he notes the need to "attract and retain qualified board members to serve on the PIC," especially business leaders. "But, with the relative lack of authority and responsibility to make the JTPA system more effective, many business leaders view involvement with the PIC to be a waste of their time." He concludes by saying that several current business members considered leaving the PIC recently, but are remaining on the Board until the Panel's study is completed.

*II. Analysis: A Problem of
Trust and Complexity*

II. ANALYSIS: A PROBLEM OF TRUST AND COMPLEXITY

The most common complaint about the administration of JTPA in Los Angeles is that the system is too complex. There are too many bureaucratic steps to go through to become a contractor or to change service directions as an existing contractor. Reporting requirements are overwhelming and often inconsistent. They consume valuable staff time which would be better spent providing services. Fiscal controls are severe and often result in delayed payments which, of course, also hurts the quality of services provided. Attempts to penalize low-performing and reward high-performing contractors meet "political" resistance in the decision-making process and often fail. In short, the bureaucratic requirements of JTPA as it is currently run in Los Angeles strain the City administration and service provider network.

Distrust Results in Too Many Checks and Balances

The Panel believes that this complexity is not a function of uncaring bureaucrats at CDD, but rather stems from the extensive system of checks and balances which has evolved partially from city ordinances, but also from the lack of trust among the key actors. Table 1 (page 77) lists all these actors. Table 2 (page 78) displays them graphically, showing the current flow for making key decisions.

As the two tables make clear, the JTPA decision-making flow has too many actors and too many points at which they may intervene. As the administrative entity, CDD makes initial determinations and then turns them over for review and eventual approval both to the PIC and the City as represented by the Mayor's Office, the City Attorney, the Chief Legislative Analyst, and the City Administrative Officer. Even for a simple contract modification, these several layers of review are required before action can be taken.

While JTPA does mandate careful scrutiny of federal spending, there is nothing in the federal law or in state regulations which requires so many check points and so many direct actors in decision-making. One consultant to the City commented on his surprise at seeing the extensive list of "cc's" to various city departments on even mundane, minor administrative correspondence.

In big cities with more efficient JTPA programs, there are fewer actors and fewer opportunities for intervention. Even New York City, with more than twice the budget of Los Angeles, takes only four months to issue requests for proposals and determine contract awards.

All of the actors listed in Tables 1 and 2 (pages 77, 78) have a legitimate role in the decision-making process. The law gives authority to the Mayor as the chief elected official, and city ordinances as well as established practice in Los Angeles includes the City Council in major decisions. The City Attorney, the City Administrative Officer, and the Chief Legislative Analyst all exist to support the Mayor and Council. The PIC is mandated by the federal law. CDD is designated as the management entity. Various requirements of local government and not just the federal law cause the complexity of administration in Los Angeles.

The extensive system of checks and balances results in part from the policies and procedures of the City, and in part because of the lack of trust among the major actors. These actors--CDD, the PIC and contractors--are engaged in a constant battle over policy and procedure. The Mayor's Office and City Council are brought into the fray whenever one of the major actors is unhappy. Contractors realize that neither PIC nor CDD decisions are necessarily final, and too often go directly to elected officials to overturn decisions. Little progress can be expected until this distrust lessens, and the decision-making process becomes less vulnerable to unwarranted political intervention.

Elected officials have a responsibility to respond to their constituency and serve as an appeal to citizens and agencies who feel they have been poorly served by government. But the Panel believes that the City Council and the Mayor's office would likely be pleased not to have to play the appeals role it ended up playing in determining recent Title IIA funding decisions.

A Consensus About Purpose is Lacking

An immediate goal for JTPA in Los Angeles must be to establish trust between all of the key parties involved in administering and operating job training programs. This can be accomplished in part by simplifying the bureaucratic flow, and truly empowering the PIC to be the policy leader for JTPA. But trust must also come from consensus among the key players about the purpose of JTPA in Los Angeles.

As we understand current practices, there are no clearly articulated, broadly accepted, coherent policies to guide the various decision-makers and service providers. There is no vision to help guide the system.

This is not to say that various "priorities" do not exist; they do. But they are a hodgepodge of federal and state mandates, City Council requirements, PIC proclamations, and CDD administrative authority. Taken together they are not a coherent set of policies. Absent such policies, bureaucratic and political exigencies dominate the system.

In other words, despite many pages of priorities stated in Requests for Proposals, federal guidelines, the annual SDA Plan, and in PIC-adopted mission statements, good answers don't currently exist for the following basic questions:

- For what types of jobs should JTPA train and place people?
- Which eligible clients should receive priority for services?
- What mix of services should clients receive, and what types of agencies are best suited to provide them?
- How should the performance of participants and service providers be assessed?

These questions need to be addressed and answered in simple terms that any reasonably intelligent person can understand. The Panel believes that the current tensions and problems will continue until there is consensus on the purpose of JTPA in Los Angeles.

Both the lack of trust among key actors, and the absence of a consensus about the purpose of JTPA in Los Angeles have led to what many consider to be a breakdown in the system. Efforts to create a more effective system will require a coming together about purpose, the creation of a coherent vision, and needed changes in governance.

*III. Creating a Vision for
Job Training in Los Angeles*

III. CREATING A VISION FOR JOB TRAINING IN LOS ANGELES

The Panel's major finding is that the current system lacks a true vision for what job training services in Los Angeles should be. The current system works, in a fashion. Several thousand eligible individuals are trained and subsequently find jobs each year. The limited performance standards regarding wages and placement rates set by the federal and state government are being met. Hundreds of professionals and support staff--from the city and its network of service delivery agencies--work hard under a flawed federal law with very limited funding to help improve the lot of a small but significant portion of the tens of thousands of individuals in need of such services.

But the system is mired in a complexity which discourages many who are part of it, and many others--including private employers with good jobs to offer trainees--who might participate under different circumstances. In part the complexity stems from a system of governance which all parties agree is not presently working well. This issue of improving governance is addressed in the next Chapter.

But changing the governance structure is not enough. The Panel believes that there must be a vision for job training services in Los Angeles, one which is shared by all of the key actors. Such a vision should be based on these fundamental principles:

- *Higher quality jobs.* There needs to be much greater concern about the quality of jobs for which people are trained. This means much greater participation by employers, and a willingness among corporate leaders to take the extra steps needed to make available quality jobs.
- *A broader field of play.* The setting of priorities for spending federal job training monies must occur in a much broader context. Federal job training dollars are but a small part of the resources available to prepare entry level workers. The Private Industry Council, which by law sets policy for spending federal job training funds, should be a broker between clients and a variety of services--not just those made available through federal job training funding.
- *Comprehensive services and the leveraging of other resources.* Federal requirements and the demographic realities of the changing entry level workforce in Los Angeles will demand that the job training system serve clients with multiple training and support service needs. This in turn will require services to be comprehensive and job training contractors to leverage resources other than federal job training funds.

- *Continued focus on assessment.* The current Los Angeles job training system has been a leader in developing learning outcome measures for youth. Both labor market and learning outcomes should be assessed in the future, with an eye toward the "value added" to an individual's employment prospects by program participation.

Recommendations for a New Vision of Job Training in Los Angeles

Americans are unwittingly making a choice. It is a choice that most of us would probably not make were we aware of its consequences. Yet every day, that choice is becoming more difficult to reverse. It is a choice which undermines the American dream of economic opportunity for all. It is a choice that will lead to an America where 30 percent of our people may do well--at least for awhile--but the other 70 percent will see their dreams slip away.

The choice that America faces is a choice between high skills and low wages. Gradually, silently, we are choosing low wages.

We still have time to make the other choice--one that will lead us to a more prosperous future. To make this choice, we must fundamentally change our approach to work and education.

--From *America's Choice: High Skills or Low Wages, The Report of the Commission on the Skills of the American Workforce*, June, 1990

In many ways Los Angeles exemplifies the division occurring in our nation's workforce, as described in the new *America's Choice* report. Los Angeles is a dynamic, diverse and growing city, but it is also increasingly a city of economic extremes: well educated professional and technical people leading the good life, and poorly educated, low paid service and manufacturing workers struggling to get by. *America's Choice* is a call to education, government, and employers to raise standards and work collectively towards a more highly skilled workforce, not just for the sake of equality of opportunity, but for the economic well-being of the nation as well.

None of the partners in training our workforce is doing enough. The severity of the problems faced by public schools, and especially schools in urban areas, are well known. An unacceptably high proportion of young people are dropping out of school or finishing without the skills needed to succeed in the labor market. Sadly, state and federal resources for training and retraining individuals with low skills are very limited. And relative to other

industrialized nations, American business and industry play a minor role in supporting the transition of young people into the labor market.

While JTPA resources represent a small portion of the funds committed to job training (See Table 3, page 79), they are very important because they are targeted towards those most in need, and because they require cooperation among employers, government and education. Unfortunately, the JTPA legislation is fraught with flaws, as any attempt to prescribe a national system for training individuals in need throughout the nation is bound to be. Regulations stem from Washington, and then flow through state government. Various priorities, checks and constraints are imposed on local Service Delivery Areas and their service providers. The constraints are severe enough that many local agencies with great potential to offer excellent training simply choose not to participate.

These are problems which are endemic in the JTPA system and are not peculiar to Los Angeles. But some cities do manage to overcome these constraints. The Panel feels that there is an opportunity in Los Angeles to create a vision of a job training system for so-called "hard to serve" individuals which is bigger than JTPA or whatever federal law replaces it in the next few years. Establishing this vision should be one of the first tasks of the PIC.

Earlier in this report, the Panel noted that in its study of JTPA in Los Angeles it was not able to find a coherent statement about the purpose of job training services in the City. Such a statement would provide answers to these basic questions: For what types of jobs should JTPA prepare its participants? Which eligible clients should receive priority for services? What types and mix of training work best? How should the effects of training be assessed?

Los Angeles is not alone among SDAs in its lack of answers to these basic questions. The federal law, despite its rhetoric about local control, is prescriptive about who is to be served, and how performance is measured. Local planners spend their time collecting and reporting required data to the state and federal governments which leaves them little time to do more focused planning about local priorities. This lack of purposeful rather than reactive planning has been exacerbated in Los Angeles because of the tension between the PIC and CDD and the delays in making and implementing policies.

In broad terms, the vision the Panel sees for JTPA would emerge from a serious and on-going planning process not about how to meet ever changing federal requirements, but about how to meet local needs. The Private Industry Council has the responsibility to shepherd such a planning process. It will need to address these basic questions in detail. But the Panel feels it has a responsibility to share what it has learned in the past several months to help guide the development of this vision, and to offer some recommendations about the shape of the vision, especially in regards to setting goals for training JTPA participants for better quality jobs. Its insights on each of these basic questions follow. Where appropriate, specific recommendations are made.

For what types of jobs should JTPA prepare its participants?

From July 1, 1989 to June 30, 1990, JTPA in Los Angeles placed 5,437 of its Title IIA participants in jobs. These participants received training for work in over 600 different occupations, including electrical technicians, medical and dental assistants, secretaries, bank tellers, machinists, and a wide array of other jobs. Despite this diversity in training, more than 40 percent of those placed were trained in only ten different occupations, and more than 20 percent were trained in only three occupations—general clerk, office helper, and security guard (See Table 4, page 80). This pattern of training appears to have emerged in LA JTPA not because of any explicit policy but because there is high demand. Indeed, LA JTPA has an excellent record of placing participants in jobs directly related to their training.

Nevertheless, the vast majority of training presently conducted by JTPA in Los Angeles prepares participants for occupations that are relatively low skilled and low paying, with limited opportunities for advancement. To be fair, Los Angeles is not very different from most other SDAs in this respect, and it has consistently met its placement and wage goals for several years. But the jobs obtained by participants tend to be outside of the mainstream corporate labor markets, where there are greater opportunities for further training, as well as better benefits and working conditions.

There are, of course, good reasons for concentrating JTPA's training efforts on lower skilled occupations. JTPA serves people who, more often than not, have serious deficiencies in academic and job specific skills. Many participants have little or no previous work experience and lack basic employment skills and attitudes that would enable them to secure and hold even the simplest of jobs. In the short time that JTPA has to prepare its

clients for the labor force, it is not unreasonable to aim primarily at jobs in which trainees are the most likely to succeed, at least in the short run.

The Panel believes, however, that expectations should be higher. Panel members are convinced that a larger proportion of JTPA participants can be trained for higher quality jobs and can succeed in obtaining and holding these better positions. In so stating, the Panel is not suggesting that JTPA eliminate programs that train for lower skilled, lower paying jobs. Rather, the Panel recommends that the Private Industry Council set annual targets for increasing the percentage of JTPA participants placed in higher quality jobs. More specifically the Panel recommends:

1. The PIC should critically review past distributions of placements by occupation and establish criteria for assessing the quality of jobs for which JTPA participants are being trained.

Possible criteria to consider in rating the quality of jobs are: 1) expected hourly wage rates, 2) likely benefits packages, 3) opportunities for vertical or horizontal mobility, 4) working conditions, including job safety, and 5) likelihood of sustained demand during the next three to five years. Additionally, the PIC may want to consider targeting certain occupations within growth industries.

The Los Angeles County PIC has adopted a job creation strategy that seeks to concentrate training on employment opportunities in growth industries. "Growth industries" are defined as those industries with sustained, above average rates of growth in employment, those that are relatively free of boom and bust cycles, those that work primarily in manufacturing or exportable services, and those which stimulate job creation in other industries. The Los Angeles City PIC is in touch with the county and is considering recommending a similar strategy.

2. On the basis of its assessment of past placements and using the criteria it adopts to evaluate job quality, the PIC should identify and target some high quality occupations for increased JTPA training.

The PIC should establish annual goals for increasing the number of JTPA participants placed in the higher quality occupations it identifies for targeting. Procedures should be adopted for monitoring assessment practices at intake and program assignments to minimize "creaming" JTPA clients for higher quality occupations. Incentives for achieving the job targets should be incorporated into the JTPA procedures for requests for proposals, as well as the payment system for successful bidders.

3. The PIC should aggressively seek hiring commitments from corporations with needs for labor in the targeted occupations identified by the PIC.

Consideration should be given to making hiring commitments a condition for appointment of private industry representatives to the PIC. Industry representatives appointed to the PIC should be expected to have needs for trained labor and to be willing to reserve a stated number of openings for completers of JTPA programs who can meet these corporations' requirements for hiring.

The Panel recognizes that there will be a constant tension between the desire to raise the quality of jobs into which JTPA participants are placed and the increased emphasis on serving those most in need. Ensuring that these twin aims are not contradictory will require some major changes in JTPA in Los Angeles. However, with greater corporate involvement and commitment, with innovations in the way training is delivered, with better articulation to support networks before and after participation in JTPA, and with refinements in JTPA's system of performance standards and accountability, the Panel firmly believes that employment prospects of those most in need in Los Angeles can be dramatically improved.

Which clients should receive priority for services?

"Creaming"

Among the most serious criticisms of JTPA across the country has been the accusation that the program "creams," i.e. among those eligible for services, it takes the most able, those most likely to find their way into successful employment without JTPA. The Panel has heard this criticism levelled in Los Angeles both at those administering the program and at the agencies which provide services. Data available to the Panel do not confirm that "creaming" is a significant problem in the Los Angeles JTPA program.

There are data and studies to confirm this conclusion. In 1989, responding to national concern about creaming in JTPA, the Government Accounting Office (GAO) conducted a study of 63 SDAs across the nation, including Los Angeles. GAO studied a sample of participants at each SDA and ranked them in three categories according to its judgment about their likelihood of success in the labor market without JTPA services. The three categories were More Job Ready, Intermediate Job Ready, and Less Job Ready.

Table 5 (page 81) is taken from the GAO study and compares Los Angeles with all other California SDAs in the sample and selected big cities outside of California. As the table indicates Los Angeles is among the SDAs which appear to be doing the least creaming. Indeed, it is the only SDA in the study without a single "More Job Ready" individual in the sample.

From data provided by CDD, it is also clear that Los Angeles is doing a good job in serving the racial and ethnic populations generally agreed to have the greatest job training needs. Tables 6, 7, 8, and 9 (pages 82-85) show 1989-90 JTPA enrollments by ethnicity, citizenship, a variety of other special characteristics, and education, in some cases comparing enrollments to the broader eligible population. These tables confirm that relative to the overall economically disadvantaged populations in the city, JTPA serves larger proportions of Blacks and Hispanics. Fully a third of all people served are eligible non-citizens. About a third were receiving public assistance upon enrollment.

The only possible exception to this pattern of serving those most in need is enrollments as measured by education background, as displayed in Table 9 (page 85). While nearly half of all JTPA eligible adults are high school dropouts, only one-third of JTPA enrollees in 1989-90 were dropouts. Only 16% of the adults enrolled had reading levels below the seventh grade, which also appears to be a smaller proportion than the eligible population at large. These discrepancies are important because the new JTPA legislation will almost certainly require SDAs to serve larger proportions of dropouts and/or individuals with poor basic skills. The implications of this fact for training are covered below in the discussion about coordination with public education agencies.

This entire discussion of creaming needs to be taken in the context of who is eligible for JTPA to begin with. In terms of income, it is the bottom fifth of the population. JTPA eligibility is essentially a poverty measure. At least half of all Americans find their way out of poverty and into employment without any special government intervention. The remaining half are still a diverse group. Labelling them as welfare recipients or dropouts, or single parents does not necessarily define their need for training or their ability to profit from it.

4. While the Panel feels that the prior practice of funding contractors based almost solely on job placements has certainly encouraged some creaming, overall creaming is not a major problem in Los Angeles. However, JTPA in Los Angeles will need to respond to new federal pressures to serve more clients with poor basic skills.

Funding by Labor Market Planning Areas

Another criticism often levelled at JTPA in Los Angeles is the allocation of training dollars to agencies by their geographical location. Los Angeles has divided the city into six Labor Market Planning Areas (LMPAs) covering various City Council districts. The LMPAs each receive a percentage of the total JTPA dollars according to population as adjusted by a poverty formula. So, for example, South Central Los Angeles receives a much greater proportion of funding according to population than West Los Angeles.

These LMPAs were created to address the issue of equity and to guard against politically motivated allocation of funds. But one problem has been the tendency to associate service providers with a particular LMPA. From the individual participant's perspective, the geographical boundaries may not make sense. An agency outside of a resident's LMPA may offer more appropriate training, yet past practice has precluded enrollment outside of one's LMPA residence area. CDD and the PIC have responded well to this criticism, and offer agencies a "window" to serve individuals outside of their LMPA.

5. The Panel believes that the current LMPA system is fair and equitable. It urges that the practice of allowing agencies to enroll participants outside of their LMPA residency be continued.

Creating Added Value

The JTPA law offers a contradiction in prescribing who should be served. Over and above the required income test, the law states that priority for services should go to "those who can benefit from" and "those in most need" of training. But those most in need may not be able to benefit from the rather limited, short term training offered by JTPA. One student of JTPA, Robert Donahue, describes the dilemma well:

Should priority go to those in the direst circumstances, with the dimmest prospects for self-sufficiency in the absence of intervention? Or should it go to those who are best able to parlay job training into a permanent escape from

poverty? If the former, at what level of disaffection, disability, or despair do we conclude that training is pointless and prescribe welfare instead?...The Job Training Partnership Act...simply directs that resources will be concentrated on 'those who can benefit from, and those most in need' of training, with no guidance as to the relative weights to put on these two potentially discordant criteria..."

--*The Privatization Decision* by
Robert Donahue

To better define what is meant by "most in need," JTPA eligibles are categorized as having barriers to employment resulting from their life experiences, e.g. being a dropout, on welfare, an offender, or homeless. Some SDAs target specific racial or ethnic groups like young Black males. The Panel has considered whether JTPA in Los Angeles should set more specific numerical goals for any of these sub-populations of the JTPA eligible population beyond what is required by the federal or state governments. It has concluded that the PIC may wish to do so, but if it does it needs to have compelling reasons.

Categorizing service priority according to background or life circumstances should be balanced by determining the ability of an individual, irrespective of these special circumstances, to benefit from training. This concept is often referred to as "creating" or "adding" value. Donahue explains "adding value" in this way: "A training program for the disadvantaged creates value when, as a result of training, a participant's productivity and earnings exceed what they *would have been* absent any intervention....The real effect of training programs is the difference created between each person's fate with and without the program."

Determining whether individuals who have completed a training program have added value to their future prospects is a difficult task. The Department of Labor is sponsoring a massive study, using control groups to help determine added value for specific groups and through specific types of training, but results of that study won't be available until 1993.

But the Panel feels that in establishing priorities for service, the PIC ought to give guidance to service providers about how to predict which applicants will benefit most from JTPA services. This will require much more careful assessment of individuals than presently occurs, as will be discussed below.

6. The Panel urges the PIC to exercise care in setting priorities for which groups should receive services. It also urges the PIC to give greater consideration to "added value," i.e. determining which potential participants are likely to gain most from JTPA training.

How can the quality of services be improved?

With its emphasis on outcomes as measured by earnings and placement, until recently JTPA nationally has had entirely too little focus on the quality of the services being provided. If trainees secured jobs at projected hourly wage rates and kept them for 90 days, the assumption was that the training provided must be adequate. That assumption is now widely challenged.

In studying the issue of quality of training, the Panel has had the benefit of several recent studies which look at the effectiveness of services not just in the narrow terms of placement and wages. All but one of these deal with JTPA nationwide and were sponsored either by the federal Department of Labor or Department of Education. Two came from a special JTPA advisory panel established by the Secretary of Labor, and together comprise a report titled *Working Capital*. Two others, which focused primarily on coordination of JTPA with vocational education, were published by the National Center for Research on Vocational Education, (hereafter referred to as the NCRVE reports) funded by the Department of Education. The study which deals with the quality issue most directly was also sponsored by the Department of Labor and was conducted by Berkeley Planning Associates and SRI International (subsequently called the BPA/SRI study).*

The last of the relevant studies was contracted by the Los Angeles Private Industry Council with the Evaluation and Training Institute (ETI). This was a comprehensive report on all titles of JTPA in the Los Angeles City SDA. Research was conducted in 1987 and the report was published in early 1988. The Panel believes that the conclusions of these various studies have much to offer Los Angeles in its efforts to create an improved vision for job training services.

But before turning to the insights offered by the studies, it is important to note that the comments about the quality of training which follow are not so much aimed at Los Angeles, but rather at JTPA nationally. As noted earlier, judged by the wage and

*See bibliography at the end of this report for full citations of each report.

Los Angeles SDA has performed well in recent years. Placement and wage goals have been met or exceeded virtually every year. Further, it is worth noting that the participants in Title IIA Los Angeles JTPA programs are generally pleased with the training they receive.

Survey of Participants

In an effort to help determine participant views of the Los Angeles JTPA program, the Panel contracted with a survey research firm which in late September and early October conducted phone interviews with 110 current or recent JTPA participants. A copy of the survey instrument is found on page 88. The group was evenly divided among current participants, recent successful participants ("positive" terminations) and recent unsuccessful participants ("negative" terminations). CDD provided telephone numbers for the survey from a random sample of its participant data base, and the group reached by phone is fairly representative of the overall JTPA participant population in terms of gender, racial/ethnic population, age and residency within Labor Market Planning Areas.

The results of the telephone survey, like those of an earlier survey conducted by ETI as part of its evaluation for the Los Angeles PIC, indicate a generally positive view among participants of the training received. For example, 75% of the total sample said they would definitely recommend the program to a friend; another 14% said they would probably do so. Some 85% said their training was in a field of interest.

But of those who left the program, nearly half haven't worked since leaving. Of those who haven't worked, 32% couldn't find a job, 15% started school, and 22% weren't working because of personal reasons.

Of those who did find a job, 69% said they were working in a field related to their training; 29% said they were not. The vast majority said they liked their current job fairly well (37%) or very well (50%).

From the Panel's own survey and the recent ETI survey of participants, and from the Los Angeles JTPA's record in achieving performance standards, it might be concluded that overall the program is doing well. Yet these measures do not tell the entire story:

- There are serious flaws in the current measurement system, especially in the 90 day check on employment retention. Little is known about longer term retention or the ability to transfer to another job. Wage rates are only one, limited measure of job quality, and although they are in line with other SDAs, are still close to the poverty level. And as noted above, the vast majority of placements are not in quality jobs.
- The participants' high level of satisfaction is contradicted, at least in part, by the fairly substantial number who weren't able to find a job.
- Both state and CDD officials report that low performing contractors remain in the system, despite attempts to remove them based on objective criteria.
- Finally, perceptions by the people who know the program well need to be considered. Both the state of officials who monitor the LA program and nearly all of the contractors heard by the Panel report serious shortcomings in the service delivery system. These result from the complexity and mistrust described earlier in this report.

The ETI study offered another important insight into the quality of training offered in Los Angeles. ETI looked at Title IIA programs both by studying data generated by CDD and making site visits to 25 Adult and 26 Youth contractors. Based on performance standards data, both high and low performing contractors were visited and studied.

In their report, ETI describes a rather isolated system of contractors in the Title IIA program. There is little coordination among the various service providers, neither in recruitment, assessment or delivery of services. Nor is there widespread coordination with other social service or education agencies in order to improve clients chances of success in their JTPA training. This isolation of contractors applies also to the private sector, with little involvement from private employers in training other than on-the-job training.

If Los Angeles is to develop a first rate job training program, not only governance issues, but also quality of services issues need to be addressed. Based on the conclusions of the various studies just cited, the Panel believes the following issues of training quality should be addressed by the newly constituted PIC.

Comprehensive Services

Although as of this writing new JTPA legislation has not yet passed Congress, it appears certain that when it does, SDAs will be required to serve clients with greater needs for basic skills remediation. A larger proportion of clients with greater barriers to employment will, in effect, further force SDAs to provide what the BPA/SRI study calls "a comprehensive package of services that addresses all the employment barriers facing each JTPA enrollee." The range of services which can be provided using JTPA funds includes recruitment, assessment, counseling, remediation, vocational skills training, work experience, on-the-job training, support services (e.g. child care) and job placement.

The ETI study of Los Angeles service providers paints a picture of only a limited number of current contractors being in the position to offer this full range of services, and indeed identifies as the most effective those which can. Both the ETI and national studies point to programs which combine basic skills and job skills training as the most effective for long term positive effects for participants.

Some SDAs, Seattle/King County for example, have already moved towards a service delivery system with fewer providers offering a greater array of services. Los Angeles will need to carefully examine its current delivery system based on the ability of contractors to offer comprehensive training and related services.

7. In response to changing federal law and the broader needs of the JTPA eligible population, future competitions for JTPA Title IIA funding should reward agencies able to deliver a comprehensive "package" of services. The new PIC should consider strong incentives for those contractors able to leverage non-JTPA funds to help provide such comprehensive services.

8. The PIC should prepare the current service delivery system for this shift to comprehensive services well in advance of the next grant competition by clearly defining and citing examples of comprehensiveness, through written documents, workshops and training.

Cautions About On-the-Job Training

The BPA/SRI study offered a valuable service to SDAs which are trying to make decisions about the mix of services they offer, especially between on-the-job and classroom training. Neither the federal government nor the state prescribes this mix, and SDAs vary

widely in the percentage of "OJT" offered. Given the incentives in the law until recently for placement, OJT has been popular in many SDAs, including Los Angeles as Table 10 (page 86) indicates. Over 40% of all adults and nearly 20% of all youth in the 1989-90 Los Angeles program participated in OJT whereby employers are subsidized for half of the wage of trainees in exchange for the cost of the training provided by employers.

Several contractors with whom the Panel staff spoke suggested that there are abuses of OJT in Los Angeles. Such abuses are described well in the BPA/SRI study which looked at 15 SDAs (not including Los Angeles) and found frequent cases of OJT being used simply as a subsidy for employment rather than direct training. About two thirds of all the OJT contracts the researchers examined described only the work trainees would do, not the training they would receive. While this did not guarantee a poor OJT placement, the study concluded that the quality of training generally related to the clarity of training objectives written in the contract.

The BPA/SRI study also refers to problems in OJT revolving around employers hiring individuals through JTPA who they would have hired in any case. This practice is called "reverse referrals"--enterprising employers gaining a subsidy by referring new hires to the JTPA system, often encouraged by JTPA because it makes for a "cheap" placement. OJT is generally less expensive training, and the NCRVE studies note that some strong SDAs treat it as such to balance the more expensive training required for needier clients.

While the Panel was not able to make any systematic judgment of the extent of OJT abuse in Los Angeles, it believes that much greater scrutiny of OJT is needed.

9. The PIC should provide strong guidance for OJT contracts to assure that quality training is made available to participants. OJT arrangements also need to be developed consistent with the Panel's earlier recommendations that training be for higher quality jobs.

Coordination with Public Education

Given limited resources for training the economically disadvantaged for employment, coordination of JTPA services with public education is crucial. Table 3 (page 79) shows JTPA dollars statewide compared to funding for job training offered by the community colleges, high schools and other institutions. Although these are state figures, since comparable data on Los Angeles was not available, they represent local proportions

as well and point out the relatively small role JTPA plays in job training. Part of the vision for job training in Los Angeles must include this broader view of resources.

In fact, a great deal of coordination already exists in the form of contracts from JTPA to both the Los Angeles Unified School District and the Los Angeles Community College District. In 1989-90, the total amount granted to each from all titles of JTPA were about \$5.8 and \$2.1 million respectively, although these amounts were inflated by the carryover expenditures already discussed.

The NCRVE studies took a hard look at coordination between JTPA and public education, concluding that the topic is not an easy one to grasp. A Congressional staffer is quoted as saying that gaining effective coordination between education and job training is "like nailing jelly to the wall."

The difficulty in achieving such coordination stems from the complexity of and pressures on all of the involved systems. Los Angeles is a good case in point with a beleaguered and fast growing school system, the second largest in the nation, and a likewise beleaguered, very large community college district. Both are politically sensitive and financially strapped institutions with many problems to face aside from coordination with JTPA.

NCRVE notes that the usual appeal by policymakers for greater coordination between JTPA and education is made in the name of avoiding duplication of services. However, NCRVE found in its study of several states and localities that "there is little outright duplication of services in the employment and training system."

Their reports say that JTPA and vocational education programs generally serve different clients and provide different services. JTPA serves adults with less education and labor market experience than the adults in vocational education. Compared to education institutions, JTPA provides more job search assistance, OJT, placement assistance, and support services like child care. JTPA offers much shorter term training. But even in the cases of parallel services being offered by education and JTPA, NCRVE believes that "there is almost always excess demand for places in such programs" if they are well run. In other words, there is room enough for parallel programs.

The issue, then, is not one of duplication, but rather one of improved services for JTPA clients. Usually, and this appears to be true in Los Angeles, JTPA funds are not used to pay the basic costs of public education instructors, but rather for the excess costs associated with smaller classes, tutoring, counseling, remediation and placement. In the high schools, JTPA funds are used to provide services to help students at risk of dropping out, again supplementing what schools can do with their normal allocation of funding.

Given the Panel's recommendation that JTPA in Los Angeles move towards programs which provide more comprehensive services and leverage other resources, it is obvious that public education should have a competitive edge. Public education agencies are in the unique position of being able to offer JTPA participants front and back end services. For example, potential JTPA clients needing improved language skills can secure them at an adult education program prior to JTPA enrollment. Or job skill levels and employment prospects of JTPA graduates can be further improved through longer term training offered by community college vocational programs.

However, this is not to say that community-based organizations (CBOs), by far the largest number of current JTPA contractors, don't belong in the picture. Quite the contrary, CBOs offer the needed connection with local communities, and the opportunity to leverage non-education social services. As stated in the NCRVE studies, "many effective CBOs have dedicated and energetic staff that can recruit and train in minority communities where staff from an educational institution would be perceived as outsiders."

The challenge for Los Angeles is to establish the right mix of community-based and education agencies to deliver comprehensive services. Work needs to be done to forge effective alliances between the schools and the CBOs, as has been done recently through placing LAUSD personnel with CBO-based training programs.

However, the Panel believes, based on its interviews, the public forum and correspondence received, that the current relations between the SDA, the community colleges, the LAUSD, and CBOs are clouded by competition and resentment rather than the spirit of cooperation to achieve better services.

Some of the tensions arise from the administrative complexity discussed at length earlier in this report. A representative of one of the L.A. community colleges wrote to the Panel describing its experience with JTPA, stating it had "only recently become involved

with the City of Los Angeles JTPA grant process, however this experience has proven to be... unnecessarily time consuming and frustrating." LAUSD staff lamented to Panel staff about the dramatic rise and sudden fall in funding to the District resulting from the carryover experience, and "a long history of difficult relations, at best." And CBOs complain that the education agencies are insensitive to the real needs of JTPA clients.

10. The PIC should invest in a careful study of current and past practices of coordinating JTPA with the community colleges and LAUSD, identifying barriers and ways to overcome them, and recommending new models for such coordination.

11. Based on this expanded knowledge of education-JTPA coordination, the next grant competition should reward creative combinations of services between CBOs and education agencies, with a specific amount of funds set aside for such activity.

12. Improved relations between JTPA, the LAUSD and the Los Angeles Community College District need to be a priority for the new PIC. One step to achieve this is the serious involvement of the Superintendent and Chancellor, as recommended above.

For what should JTPA be held accountable?

The hallmark of the Job Training Partnership Act (JTPA) is its emphasis on performance. Unlike its predecessor, the Comprehensive Employment Training Act (CETA), which languished in political patronage and ineffective training, JTPA is intended to be lean, outcome-driven, and business-oriented, with close attention to the bottom line. To date, the "bottom line" has primarily been job placement. With the exception of programs for youth, where the acquisition of employment competencies constitutes an additional program objective, job placement has been the yardstick against which the success or failure of JTPA programs has been measured.

While there is general consensus that the performance orientation of JTPA represents a marked improvement over CETA, the rather single minded focus on placement has raised several concerns. First, many worry that the exclusive emphasis on placement encourages creaming; the best way to ensure good program results is to admit only those who are most likely to succeed. Hence, program success may not be a result of especially effective training but simply the outcome of very effective screening. Second, job placement may encourage programs to concentrate on skills that lead to short term employment success at the expense of skills that would provide longer term gains.

Placement may tempt trainers to train participants by rote, which works only as long as job routines remain unchanged. There is little incentive to instill more fundamental concepts or generalized understanding that might enable participants to adjust to changes they may later encounter on the job. Third, placement may tempt JTPA planners to concentrate on preparing participants only for jobs that are immediately in high demand, with insufficient attention to the quality of these jobs or to more strategic job development that might lead to larger economic gains in the longer run.

To address these concerns, reauthorization of JTPA appears to be moving in some new directions. Program planners will be urged to concentrate their efforts on serving those most in need. While job specific skills will continue as an important component of JTPA training, new emphasis on basic skills will be stressed. Traditional "benchmark" performance standards, which establish minimum levels of acceptable performance will be retained, but programs will be encouraged to adopt additional measures of "value added." While job placement will remain an important objective of JTPA, the introduction of multiple objectives and multiple measures should free planners to train more strategically, while simultaneously concentrating on serving those most in need.

By the measures of performance traditionally used by JTPA, Los Angeles JTPA programs have been quite effective. The City has met the performance objectives established by the state and has been a leader in the development of youth competencies. Additionally, there are efforts already underway to improve skills assessment at the time participants enter programs in order to monitor skill *gains*, as well as measure the overall level of skill with which participants leave programs upon completion. Consequently, the Panel believes that JTPA in Los Angeles is well positioned to capitalize upon its previous experience and build an even stronger system of performance standards and accountability. Specifically, the Panel offers the following recommendations.

13. All JTPA programs should adopt two generic types of performance measures and performance standards: learning outcomes and labor market outcomes.

As noted above, for most programs JTPA has traditionally emphasized labor market outcomes, mainly job placement, as the standard for assessing individual and program performance. The Panel believes that this standard is too narrow and needs to be supplemented with additional measures of labor market outcomes, as well as with learning outcomes.

Labor market outcomes that might be considered in addition to placement include: 1) quality of placement, as measured by wage level, benefits, job safety, and opportunities for vertical and horizontal mobility; 2) length of employment, and 3) changes in earnings. Traditionally, successful placement has been defined as remaining on the job for 90 days after placement. The Panel recognizes that this standard has been determined, in part, by the expense and difficulty of longer term follow-up. Nevertheless, it believes that programs that result in longer term employment, especially in higher quality occupations or in growth industries, should be encouraged. To this end, JTPA should consider more effective and more systematic use of the data maintained in the state's unemployment insurance data files. These data files, while lacking information on occupation, do contain accurate data on employment status, quarterly earnings, and type of industry. Consequently, they permit following the employment history of JTPA placements for longer periods of time. Making better use of these data is an avenue that should be explored.

Learning outcomes include such measures as: 1) program completion, where "completion" is defined as the *demonstrated acquisition* of the basic and job specific skills necessary to perform effectively in a job related to training; 2) proficiency in basic skills as demonstrated by standardized achievement tests; 3) demonstrated mastery of job related competencies, as demonstrated by competency-based tests; 4) measures of value added that indicate not only the level of skill achieved but also the amount of skill acquired over the course of the training program. Tests need not, indeed should not, be limited to paper and pencil tests. Competencies can be demonstrated by the actual performance of a particular task to the satisfaction of an instructor. For example, an assembler who can build, within an acceptable amount of time, a board that works when it is plugged in, can be said to have demonstrated sufficient competency to perform the same task on the job.

14. Individuals and programs should be held to multiple measures of learning and labor market outcomes.

Exclusive reliance on single measures can badly distort program objectives and program effectiveness. Wherever possible, individuals and programs should be assessed using multiple measures of learning and labor market outcomes. For example, assessments of basic skills, as well as job specific skills, should be undertaken. In addition to job placement, the quality of the placement or length of placement should receive attention.

15. At least one measure of value added and one measure of programmatic change over time should be incorporated into assessment.

Measures of value added have two major advantages. First, they provide an indication of effectiveness of the program, rather than simply the ability of the participant. Second, if program providers know that they will be rewarded, at least in part, on the basis of value added, they are less likely to cream. Value added is not a substitute for benchmark performance standards, which establish levels of acceptable performance, for if these benchmarks are accurate, no amount of value added that falls short of the benchmark will lead to employment. Rather value added is a complement to benchmark standards and should encourage providers to examine more closely what their programs contribute to the employability of their participants.

Measures of programmatic change over time provide indicators of whether programs are improving from year to year. An example is the percentage change in the rate of program completion. Such measures are particularly useful in assessing initially poor performers that may not be able to make the jump from poor to acceptable performance in a short period of time. As many JTPA contracts are multi-year, adopting and monitoring some longitudinal measures of performance should improve evaluation and better inform decisions about whether to continue funding under existing contracts or to renew funding with new awards.

16. Evaluations of individual performance, as well as that of training programs, must control for important differences in the characteristics of program participants.

Participants enter programs with different abilities. Some may lack essential reading, writing, computing, and oral communication skills. Some may speak little or no English. Others may have learning or physical disabilities that make it more difficult to prepare for employment. The credibility of the accountability system rests on ensuring that "likes are compared with likes," whether evaluating the relative performance of individual program participants or programs as a whole. As the JTPA accountability systems is expanded and strengthened, careful attention must be paid to ensuring that the proper statistical controls and other protections are in place to achieve fair comparison and evaluation.

In offering these recommendations, the Panel is not implying that the current JTPA program has been deficient in these areas. As noted, Los Angeles JTPA has met its performance goals and continues to develop better performance measures. Rather the Panel offers its recommendations as key guidelines that need to be remembered as the system of accountability is expanded and improved.

IV. Improving Governance

IV. IMPROVING GOVERNANCE

Based on its analysis of the current system of operating JTPA, the Panel believes that the issue of governance of JTPA needs to be addressed immediately, with the following goals in mind:

1. To create a viable, cooperative working relationship among the major JTPA actors, thereby reducing and ideally eliminating the adversarial relationships which currently exist.
2. To streamline the decision-making process regarding JTPA policies and funding decisions, which in turn should help streamline the entire process of administering JTPA.
3. To maximize the opportunities for serious and effective involvement by private sector partners, with emphasis on a) improving the quality of jobs for which participants are trained and placed; and b) developing non-JTPA resources to serve eligible participants more effectively. Greater resources will lead to greater choices for participants thereby increasing their opportunities to become economically self-reliant.
4. To develop a job training system which is closely linked to public and private sector economic development activities in Los Angeles.
5. To establish through consensus a coherent vision for job training services, minimizing both the need for and practice of unwarranted political intervention in JTPA policies and administration.

These are noble goals which most parties would support. But achieving them in the wake of years of conflict will not be easy.

Panel staff spent a great deal of time studying the operation of other big city JTPA programs which do not suffer from the mistrust and excessive bureaucratic complexity that characterize the Los Angeles program, and which are successful in garnering increased support from the private sector. In these cities, the partnership between local government and the Private Industry Council works well. Without exception, these cities are characterized by strong PICs which provide the leadership envisioned by Congress when it created JTPA.

In a recent study the Department of Labor characterized effective PICs this way: "The effective PIC has autonomy from the local unit of government, is able to raise its own funds, and is independent of political constraints and special interests in making policy."

The Current PIC Has Limited Powers

JTPA is intended to be jointly governed by local government and the Private Industry Council. The law allows considerable latitude in the membership of the PIC Board and the distribution of authority between the PIC and local government.

JTPA regulations do not specify the size of the PIC Board although state law prescribes that SDAs serving an overall population above one million have a membership of 29. The JTPA does prescribe the composition of all PICs as follows:

- A majority of members must be from the private sector including owners of business concerns, chief executives, or chief operation officers nominated by general purpose business organizations. The regulations urge at least half the private sector members be from small business, including minority business. The PIC Chairman must be from the private sector.
- The public sector must include representatives from educational agencies, organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the public employment services.

The law states that there must be a grant recipient and there must be an administrative entity, but it is not prescriptive about which agencies serve in these roles. Across the nation, government is typically the grant recipient, but there are cases of the PIC serving in this role. In Los Angeles, the City is the grant recipient and the administrative entity; CDD is the designated city department which administers the program.

The current Private Industry Council-Local Elected Official (PIC-LEO) agreement was written in the context of PIC controversy two years ago and greatly limits the powers of the PIC, especially in Section 6 which essentially cuts the PIC out of final funding decisions:

The PIC and the City mutually agree that such specific contractor selection and sub-allocation decisions (specific contractor funding levels) should rest with the Mayor and City Council who are responsible for the financial liability of JTPA funds.

The agreement includes the PIC in the current appeals process, but only in an advisory role. In the agreement, justification for this advisory role of the PIC is given by citing conflict of interest statutes relating to PIC Board members and legal liability of the PIC itself. The agreement limits the PIC's staffing to one position. It also effectively puts

the PIC in the position of having to request funding from the City to carry out its responsibilities.

A Restructured PIC Should Lead JTPA in Los Angeles

The Job Training Partnership Act is a unique federal law which encourages a strong role in policy and management of federal funds by the Private Industry Council. For reasons explained above, Los Angeles has chosen to discourage a decisive role for its PIC. The Panel believes it is time to change that policy. Los Angeles needs a strong PIC to provide leadership to a system which currently suffers from lack of leadership.

The Panel believes that denying authority to the PIC results in a vacuum in leadership which has serious consequences for the quality of services provided to JTPA participants. The outcomes described above regarding the 1989-90 expenditure of carry-over funds and the selection of 1990-91 contractors are cases in point. Unnecessary interruptions in service occurred throughout the system. Careful, effective planning for quality services does not take place under a system without strong leadership.

The Panel sees no alternative to "empowering" the PIC to provide the missing leadership. Federal law not only sanctions but encourages strong PIC leadership. The PIC is designed to represent the various interests JTPA funds serve. It is the forum for setting policy. As an independent organization, it can also administer the implementation of policy. Time and time again the Panel and its staff have heard descriptions of sound policies agreed upon but then not implemented. The link between policy formulation and implementation is a critical factor for an effective, accountable organization.

But for the PIC to become the policy leader for job training in Los Angeles, significant changes need to be made in its membership and authority. The strong PIC envisioned by the Panel cannot emerge unless it has the power to determine policy, including the power to grant funds to service providers. The one constant among all of the options considered by the Panel to improve governance was a stronger PIC with much greater authority. Listed below are the Panel's recommendations regarding the restructuring of PIC membership and authority. Recommendations are followed by discussion and elaboration.

17. Business and industry representation on the PIC Board should continue to be strengthened, adding members according to their ability to: a) command respect in the private sector and in the community at large; b) serve as employers of JTPA graduates and/or influence other employers to hire JTPA trained people, especially for "quality" jobs; c) work effectively with public officials in efforts to link job training and economic development policies; and d) help raise private funds to augment federal job training monies.

18. The PIC-LEO agreement should be rewritten to restore co-equal authority to the PIC in determining funding decisions for JTPA.

When the present PIC membership was changed substantially two years ago, the Mayor took some very positive steps to improve private sector representation. But the goal of attracting key decision-makers in large corporations--e.g. chief executives and chief operation officers--was generally not met. This can be explained at least in part by the limited powers of the PIC. A PIC with much greater authority can attract this level of participation from business and industry. Minimally, this authority must include the power to determine funding decisions for JTPA.

There are several reasons for having high level corporate participation. One is to help give the PIC the competence and respect it will need in its key leadership and marketing role, including expanded efforts to tie job training policies to broader policies for economic development. Another is to help move JTPA more towards training for what the Panel calls "quality" jobs, i.e. higher paying, growth jobs with good opportunities for advancement.

Finally, high level corporate people are needed on the PIC to help direct more and better targeted corporate and foundation money to the preparation of disadvantaged youth and adults for productive employment. Federal funding for job training continues to decline. While private dollars will never be more than a small portion of the resources available, they usually come with fewer strings attached, and can help leverage public monies. The new PIC should be in the business of raising private funds to help carry out its vision of improved job training services.

With time, a strong PIC could, as is done in several other cities, provide leadership in other arenas relating to the training of disadvantaged youth and adults. In Boston, for example, the PIC has helped lead efforts to lower dropout rates and provide "last dollar" scholarships for deserving youth. In Portland, Oregon the PIC is an active participant in a

leaders roundtable of schools, business and government which has moved that city towards much better coordinated youth services. Some PICs are heavily involved in coordinating economic development and job training activities, and include among their members labor market economists. The Los Angeles PIC would be well served by such an appointment.

In reshaping private sector participation, two other factors need to be kept in mind. Both are stated or implied in JTPA regulations. One is the continued active participation of owners and managers of small businesses. The other is the need to have PIC members and staff represent the racial and ethnic diversity of Los Angeles, and especially of the individuals served by JTPA.

19. Public sector and community-based organization representation should be changed with two goals in mind: a) encouraging much greater cooperation between the JTPA system and public education agencies; and b) removing perceptions of conflict of interest.

The Panel and its staff have heard much about "conflict of interest" on the current PIC board, especially among public sector and community-based organization representatives. Indeed, a majority of the current Board members from these sectors are JTPA contractors, including many of the largest in the system.

The Panel does not believe that these contractor/board members are violating conflict of interest laws. By all accounts, Board members abstain from discussing and voting on measures which might directly affect their agencies' well-being. In fact, this issue of conflict of interest has probably been inflated given the relatively limited powers of the current PIC.

Thus, the Panel's concern is not so much with the legalities of conflict of interest, but rather with the perception of conflict of interest. Other strong and effective PICs have major contractors as members. Yet in none of the cities studied by the Panel was the issue of conflict of interest perceived as a major problem. In Los Angeles, many people involved with JTPA perceive conflict of interest in a more generic rather than legal sense as a major problem with the present make-up of the PIC.

To overcome these perceptions, the Panel believes that the best course is to remove contractors whose agencies are heavily dependent on JTPA dollars for their existence. These are primarily community-based agencies. One current PIC member from the

business sector concurred with the spirit of this recommendation, but pointed out that these community-based agency representatives tend to keep the PIC well informed about the system, and their insights are often invaluable. Recognizing this, the Panel feels that a single voting member on a newly constituted PIC might be reserved for such contractors. Further, the PIC, in its planning and policy setting activity, must seek serious involvement of such contractors on committees, in planning processes and in its public meetings.

Recently, CDD has welcomed and received strong involvement by the Los Angeles Regional Coalition of Service Providers (LARC) in developing the performance evaluation criteria mandated by the City Council following the recent appeals process leading to funding decisions. The LARC should continue in this role of helping to shape the policies which directly influence providing services, and should be supported strongly by the PIC.

There is a second level of contractor involvement and perceived conflict of interest among current PIC Board members which seems more difficult to remedy. These are members from large public and private agencies for which JTPA dollars are only a small portion of their resource base. Included in this category are the United Auto Workers, Catholic Charities (representing the Catholic Archdiocese), the L.A. Unified School District, and the L.A. Community College District. The Panel believes that their involvement on the PIC board needs to be carefully reviewed.

However, given the Panel's strong feelings that JTPA dollars must be leveraged and coordinated with other job training resources, the Panel recommends that both the community college district and the school district remain as PIC members, and that the Chancellor and Superintendent respectively be considered to represent their institutions on the PIC Board. As is described in Part III, the school district and community colleges are by far the largest providers of job training services in Los Angeles, and they have the most to bring to the table in future efforts to create greater coordination of job training services. Having the Chancellor and Superintendent as Board members will also help create the respect and clout the Panel envisions for a new PIC. This is consistent with the recommendation to have high level private sector representation.

Changes in Administrative Authority Are Needed

Much of the Panel's deliberations centered on governance questions and a much stronger role for the PIC. The most difficult question faced by the Panel was whether or not to recommend transfer of the administrative function from the City to a newly constituted PIC, as is allowed by the federal law. If the goal is to create leadership for JTPA outside of the constraints of government, with the greatest possible power for the PIC, this option is a powerful one.

"Privatization" raises a series of implementation concerns as will be discussed below. Well aware of these issues, the Panel decided that it must consider other options in addition to privatization. One such option, of course, is making no changes in current governance arrangements other than restoring authority to the PIC.

Another option considered seriously is that of creating a special commission to oversee JTPA and job training in Los Angeles, as part of city government. There are many precedents for this arrangement in other areas of city government. The Commission form of governance could better link the PIC with the City and could help cut through some of the current bureaucratic processes required for decisions. Two different Commission options were considered by the Panel.

Each of the four governance options considered by the Panel is discussed below. Following a description of each option, a brief argument in its favor is made. Then the four options are compared.

Option I: Privatization.

Administrative authority is transferred from the City to the PIC as an independent, non-profit body. The new PIC hires an Executive Director who in turn hires all administrative staff. Some City employees who currently administer JTPA would be offered the opportunity to leave government and go to work for the PIC.

If well implemented, privatization raises the possibility of the most effective streamlining of the bureaucracy. It also connects policy making and policy implementation within the same agency--accomplishing real accountability between the PIC and administrative staff. Finally, and most important, it offers the greatest promise for sustained participation and commitment from private sector partners.

Option II: Create a Separate Job Training City Department Overseen by a Commission

Necessary changes are made in city ordinances and the PIC-LEO agreement to create a special commission to oversee a new city job training department. Under this option, job training is removed from CDD and made into its own department with its own commission. It might be possible to have complete overlap between the Job Training Commission and the PIC.

This alternative is less disruptive and poses fewer transfer costs and other potential implementation issues than privatization. There would, however, be some disruption to employees and some new costs in creating a new department. A commission concentrates power in an independent body, with potential for reducing the bureaucratic steps required to set and effectively implement policy. Since the Commission would focus on job training only, complete overlap with the PIC would be possible, assuring accountability between city management and the PIC.

Option III. Creation of A City Commission to Oversee The Community Development Department

Necessary changes are made in city ordinances and the PIC-LEO agreement to create a special commission to oversee CDD. There would be substantial overlap between commission membership and PIC membership, thus helping to assure the needed accountability between the City and the Private Industry Council.

The creation of an independent commission for CDD could reduce policy making and implementation problems. It should be possible to have a good deal of overlap between the commission and the PIC, thus helping to create the needed accountability between the City and the PIC. Under a commission, there is the power to hire and fire the Department Director.

Option IV. No changes in Current Administrative Authority

Recognizing the need to respond to criticism of current administrative practices, CDD has made a number of internal changes in recent months. Under this option, such internal reforms would continue. The PIC would be restructured and granted greater policy authority but no new administrative authority. JTPA would continue to be administered as a division of the Community Development Department which would continue as the major staff support to the PIC.

This option very clearly is the least disruptive to the overall JTPA system and to the civil service rights of current CDD employees. In contrast to the other options, it poses no

additional administrative transfer costs. CDD staff believe strongly that they can play a supportive role with the PIC, especially if the changes recommended above in PIC membership are made. They also feel that through changes in ordinances and internal management practices, current bureaucratic practices can be streamlined. They point out the advantages of job training being in a City department which also administers related social services like child care.

The following Figure presents a simple analysis of each option according to the promise it holds for achieving the five goals for improving governance listed at the beginning of this Chapter. The terms "strong," "moderate," and "weak" are used to rate the Panel's projections of potential outcome on each consideration.

Figure I: Comparison of the Four Governance Options

	<u>Option I: Privatization</u>	<u>Option II: Commission with Separate City Department</u>	<u>Option III: CDD with Commission</u>	<u>Option IV: No Administrative Changes</u>
1. Create improved working relationships	Strong	Strong	Moderate	Weak
2. Streamline decision-making/bureaucracy	Strong	Moderate	Weak	Weak
3. Maximize private sector involvement and resources	Strong	Moderate	Weak	Weak
4. Maximize linkages to economic development	Moderate	Moderate	Moderate	Moderate
5. Create coherent vision without political intervention	Strong	Moderate	Moderate	Moderate

While improved relationships can result from any of the four options, the Panel believes they are more likely to come from a system with direct accountability between the PIC and the agency administering JTPA. Both Options I and II achieve such direct accountability. Option III poses many more logistical problems since a CDD Commission would have concerns beyond job training, and overlap between the PIC and the Commission would be more difficult to achieve.

The Panel has doubts about the potential for streamlining the bureaucracy with a JTPA program administered by the City, with or without a commission. A well run, independent PIC will have fewer bureaucratic constraints than a well run city agency.

The Panel believes that the major advantage of transferring JTPA administration to the Private Industry Council is the much greater likelihood that strong private sector representation can be achieved and sustained. Private sector suspicion of government processes is considerable. As the administrative authority, the PIC would be able to raise other resources and broaden its role in helping prepare disadvantaged youth and adults for employment. In short, the Panel's vision of a strong PIC, able to leverage non-JTPA resources and better quality jobs for participants, is much more likely to be achieved with the greater PIC independence resulting from privatization.

Potential linkages between job training and economic development was not studied in depth by the Panel. There are advantages both to public and private management. With JTPA part of city government, there should be greater opportunity to tie city job training policy with city-driven economic development policy. But economic development is by definition a public/private venture, and a PIC with very strong private sector representation and good relations with the City can also achieve such linkage.

The Panel feels that the strongest Private Industry Council will be one which also has administrative responsibility. The PIC should lead the creation of a coherent vision for JTPA and job training viewed more broadly. Its own staff, with direct accountability to the PIC policy board, should then be responsible for implementing that vision, thus providing the link between policy and implementation which the Panel believes is missing under current arrangements. With the PIC truly in charge of job training policies and their implementation, the need for unwarranted political intervention should also be minimized.

The Panel feels that privatization offers the greatest potential for improving job training in Los Angeles. But it recognizes that there are a number of possibly negative consequences to privatization.

The first is the disruption privatization would cause both for current CDD employees and possibly for the delivery of services. During the CETA days, job training

services were operated from the Mayor's office and employees were exempt from Civil Service. Transferring job training to CDD and gaining Civil Service status for employees was a reform coveted by employees. It will not be one given up easily. The process of transferring some employees from the City to the PIC will have to be handled very carefully, respecting Civil Service and union protection, as well as affirmative action concerns. From interviews with CDD staff, it is clear that while many are career city civil servants very open to working in other city agencies, others are specifically committed to job training services, and for them privatization will cause a serious career dilemma. On the one hand they will want to stay with job training; on the other they will be unwilling to give up the benefits they have accrued through civil service.

Privatization also poses transfer costs concerns. The current management systems at CDD could not simply be transferred over to the PIC since JTPA is only one of several CDD management responsibilities. There clearly would be initial costs for developing new systems, policies and procedures. Some of these costs, however, would apply also to moving job training to a separate city department. There would likely be both transfer and maintenance costs in creating a new commission for job training as well.

Finally, privatization causes some to look back at the situation two years ago with the Private Industry Council and fear a recurrence of problems, possibly on a much grander scale. Not all SDAs with independent PICs, separate from government and with administrative authority, work better than SDAs with government handling administration. Critics of privatization wonder if the disruption to current CDD employees, the transfer costs, and the possible abuses by an independent administrative body can be justified.

The Panel believes that while there certainly would be initial transfer costs and disruptions in privatization, in the long term there could be considerable cost savings and program efficiencies with the greater freedoms possible through private management. Nor should or could the City simply abandon its oversight role. JTPA requires that the program be a partnership between government and the PIC, with ultimate authority resting with elected officials. But a well run PIC could, in effect, save the City considerable expense in operating costly appeals and review processes. Privatization of job training services would represent a rare instance of the reduction of government.

The Panel supports privatization as the most effective option and recommends the following:

20. The PIC-LEO agreement should be rewritten to transfer administrative authority for JTPA from the City to the Private Industry Council. This should include the management of all funding competitions, and the power, subject to the City's review as required by JTPA, to choose grantees. A reasonable period of transition should be allowed for this transfer of authority, but not longer than 12 months.

The Panel feels that the Mayor and City Council should now turn their attention to creating a strong PIC Board with substantial powers to run the system. As is the case in many cities, job training in Los Angeles should be associated with a strong, respected PIC, and not with the bureaucratic maze which characterizes the present system. For this transfer to occur, the City's top leadership, including business and industry, will have to devote its attention in the next several months to assuring that there is a PIC Board well positioned to handle the broad responsibilities recommended.

The Panel knows that this recommendation calls, in effect, for a radical shift in direction and urges a judicious but speedy transition period. In a relatively short time, a new and effective working relationship between the PIC and the City can emerge.

The City's concerns about its fiscal and legal liability, as well as concern for the rights of current employees of CDD are legitimate. But if the will exists to transfer authority, as encouraged by the law, solutions to these issues can be found. There will be some initial cost for planning the transition. But the Panel is convinced that in the long run, the savings from efficiencies achieved will far outweigh the costs.

21. To assure competent management of JTPA funds by the new PIC, the City should remain as the grant recipient during the first year of the new PIC administration. But thereafter, once the City determines that appropriate systems are in place, the City should also transfer the grant recipient role to the PIC.

Issues of fiduciary responsibility will arise. In the first year of operation of JTPA by PIC, the Panel recommends that the City remain the grant recipient, the holder of the funds. But even in this first year, the City must agree to simplify its procedures for releasing monies to facilitate effective implementation of PIC decisions.

The Panel also believes after one year of such operation, and the building of confidence in the PIC by the City, the grant recipient role should also be transferred to the PIC. This system works in several other cities and it can work in Los Angeles. Under the JTPA law, even with the PIC as grant recipient, the City maintains an approval role for all major decisions.

22. Once the PIC is reconstituted, it should immediately conduct a search for an executive director who would manage the transition process under PIC direction.

The Panel has purposely stayed away from detailed recommendations about how to proceed with the proposed transition. But it is clear that action should occur quickly. The PIC-LEO agreement should be rewritten. The PIC Board should be reconstituted, and the first action of the new Board should be the search for and hiring of an executive director. The new PIC's choice of an executive director is clearly a crucial decision, and should without question be subject to the approval of the Mayor and City Council. Once appointed, this individual should manage the transition period and begin to build the appropriate policies, staff, and management systems.

The Panel knows full well that for many, its recommendation to "privatize" the administrative function will be difficult to accept. But the legitimate concerns about privatization held by some in the current system can be addressed and dealt with fairly.

To be truly effective, job training services for disadvantaged youth and adults must have a resource base much greater than the declining federal dollars provided by the Job Training Partnership Act. For this to happen, there must be a great deal more interest and participation by private sector leadership. Only with privatization is it likely that such leadership will emerge. The Panel believes that half-way measures will not work.

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Tables

JTPA IN LOS ANGELES: THE ACTORS

Private Industry
Council

The City of
Los Angeles

Mayor/City Council

Joint PIC &
Elected Official
Board

Joint PIC/
Council Grants
Appeal Board

PIC Committees:

- Executive Committee
- Adult Programs
- Youth/Young Adult Programs
- Marketing/Economic Development
- Policy and Oversight

City Council

Community and
Economic Development
Committee

Mayor's Office

Deputy Mayor responsible
for Employment and Training

Community Development Dept.

Training and Job
Development Division

Chief Legislative Analyst

City Administrative Officer

City Attorney

JTPA Subcontractors: 60+ Service Providers for Title IIA

Coalition of Service Providers

JTPA Participants

THE ROLE OF THE PIC, TRAINING & JOB DEVELOPMENT DIVISION, AND MAYOR/CITY COUNCIL IN JTPA POLICY

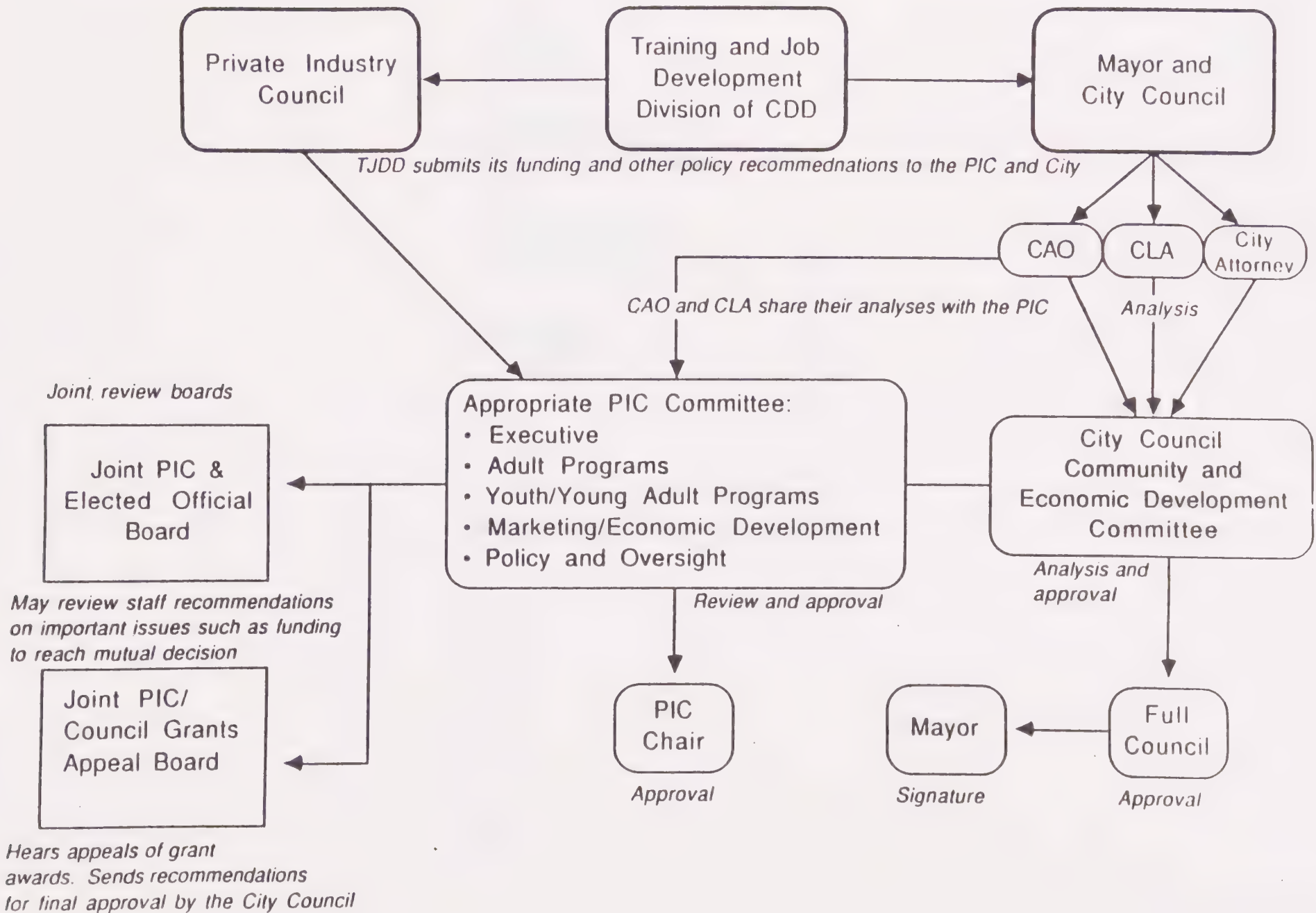


TABLE 2

TABLE 3

JOB TRAINING IN CALIFORNIA
1989-90 Funding Available by Source
(in millions of dollars)

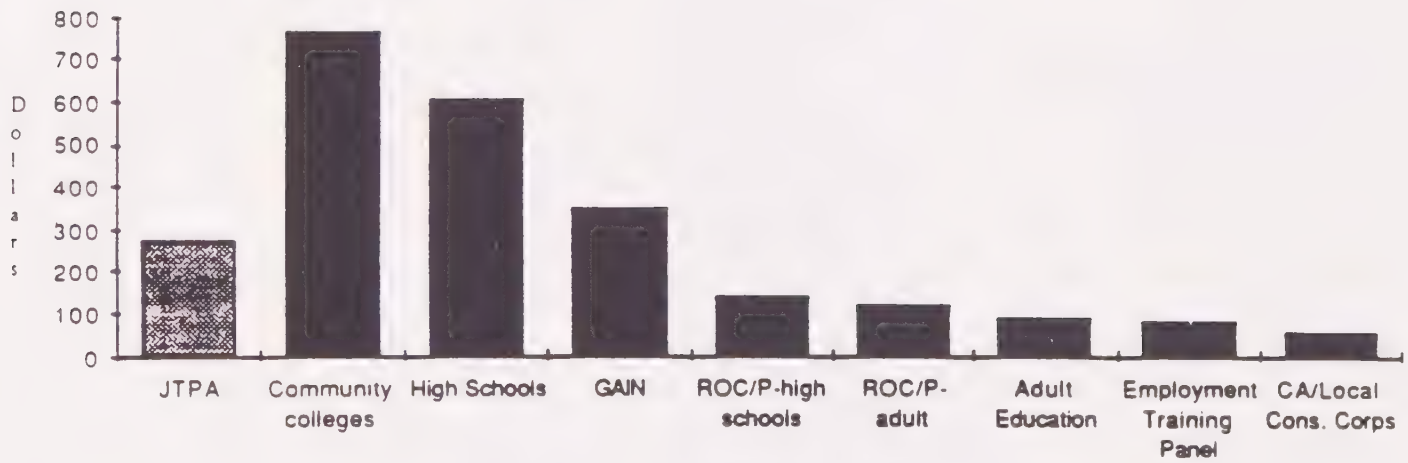
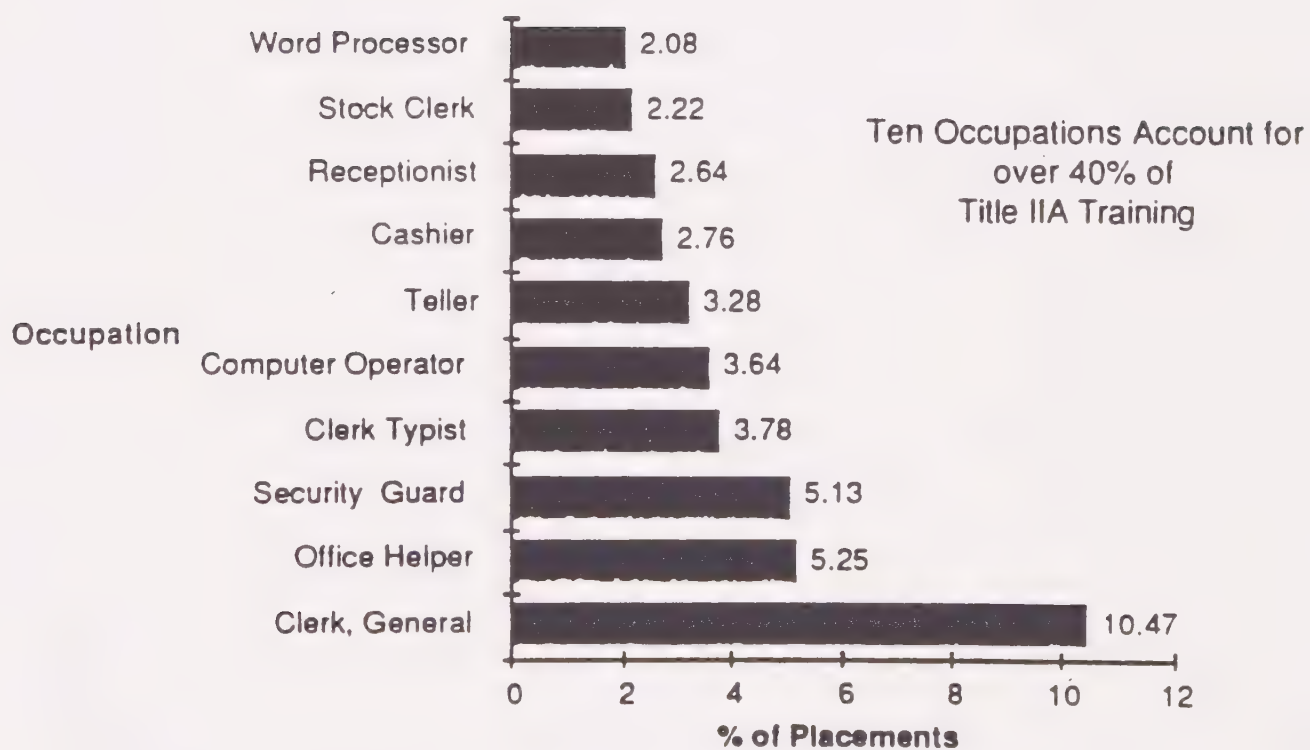


TABLE 4

**Title IIA Placements
by Occupation for
which Trained—Ten
Largest Occupations**

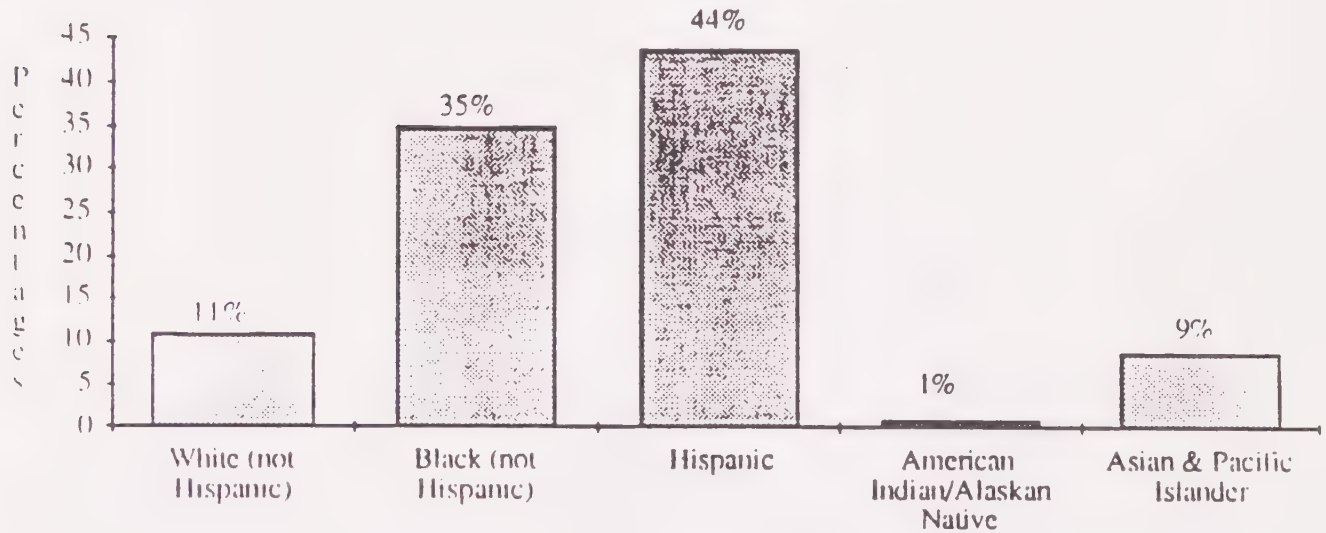


GAO STUDY OF JTPA PARTICIPANTS

SDA	More Job Ready	Intermediate	Less
LOS ANGELES	0	68	32
Sunnyvale, CA	24	64	12
Stockton, CA	14	68	18
San Jose, CA	19	50	31
Hayward, CA	13	61	26
El Centro, CA	11	53	36
Hartford, CT	5	48	47
Tallahassee, FL	12	52	36
St. Paul, MN	6	68	26
Reno, NV	29	66	5
Newark, NJ	7	50	43
Buffalo, NY	13	64	23
Baltimore, MD	10	41	49
Seattle, WA	21	65	14
New York, NY	4	67	29
Miami, FL	21	54	25

TABLE 6

**JTPA Title IIA Combined Enrollments
1989-1990 by ETHNICITY**



**LA City Economically Disadvantaged Population
16 and over, by ETHNICITY**

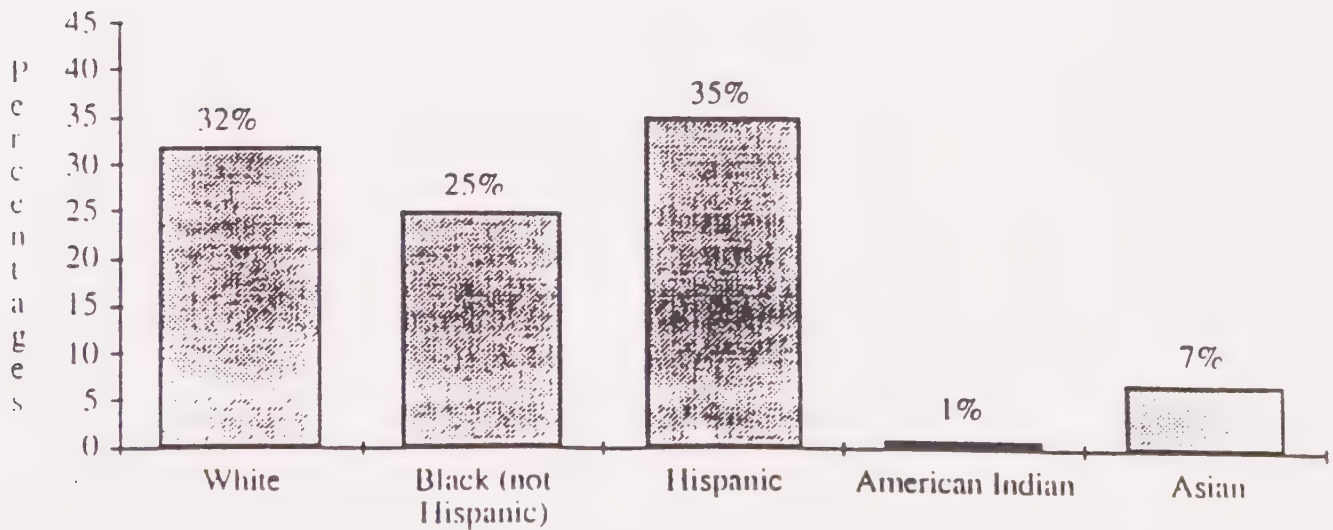


TABLE 7

JTPA Title IIA Enrollments
1989-1990: By CITIZENSHIP

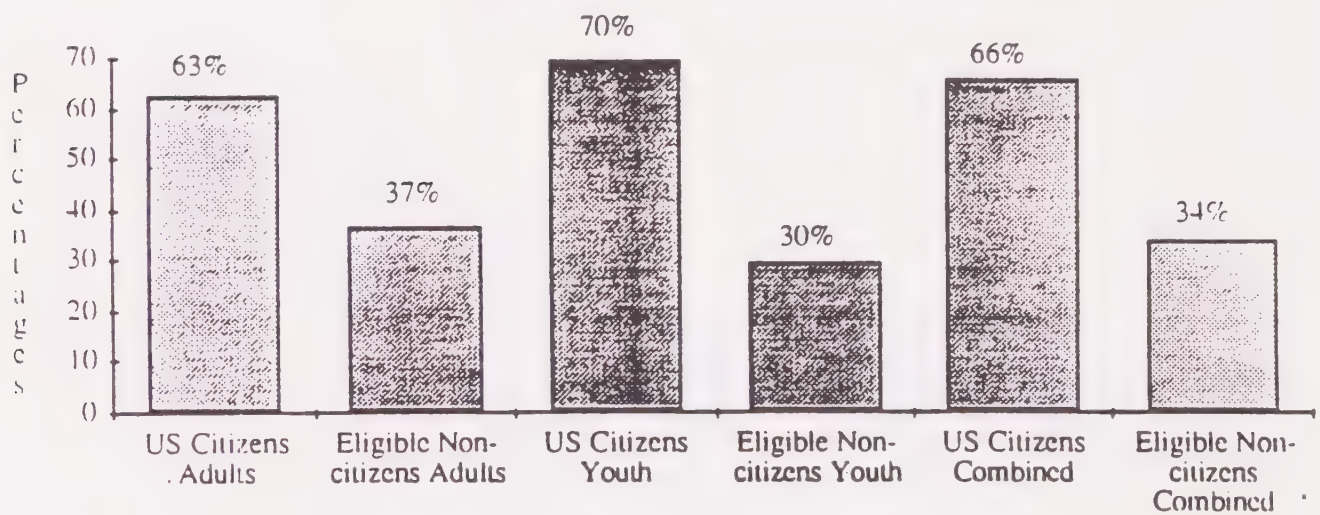


TABLE 8

**JTPA Title IIA Combined Enrollments
1989-1990: OTHER CHARACTERISTICS**

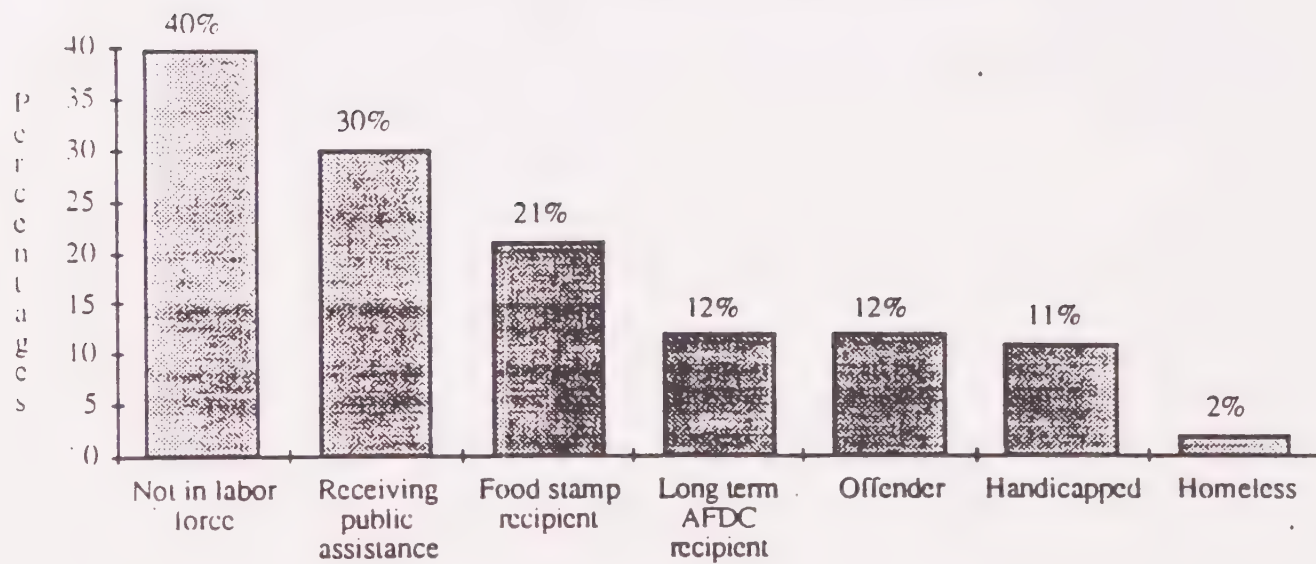
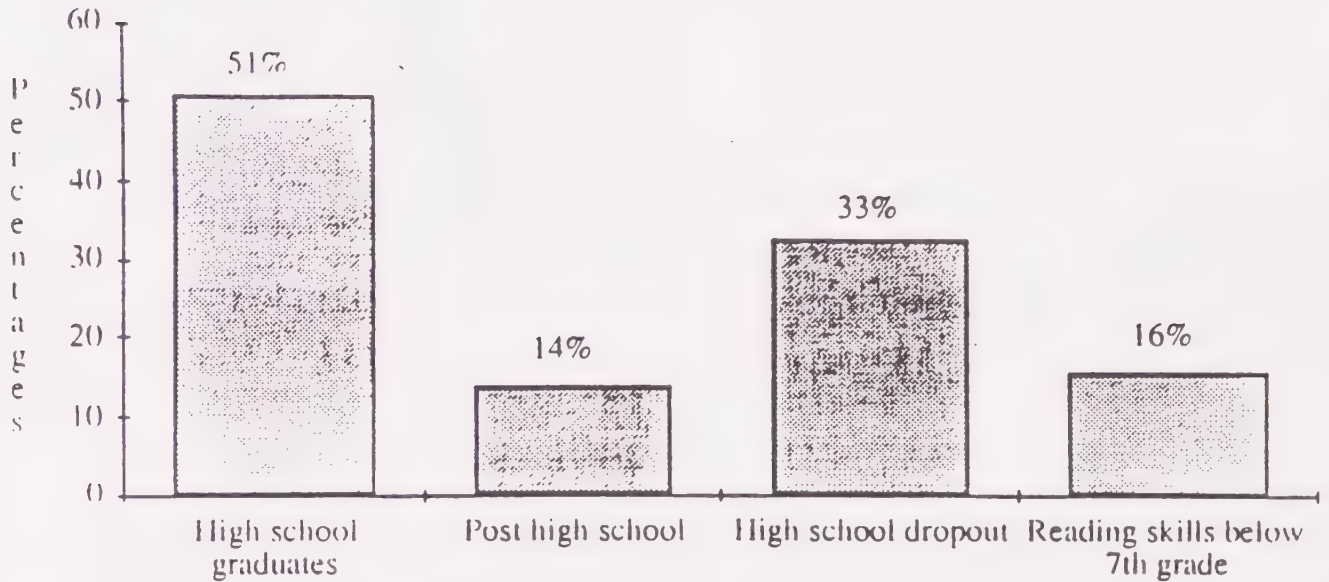


TABLE 9

**JTPA Title IIA Adult (Ages 22 and over)
Enrollments
1989-1990 By EDUCATION**



**LA City Total Economically Disadvantaged
Population, Age 22 and over,
by HIGH SCHOOL STATUS**

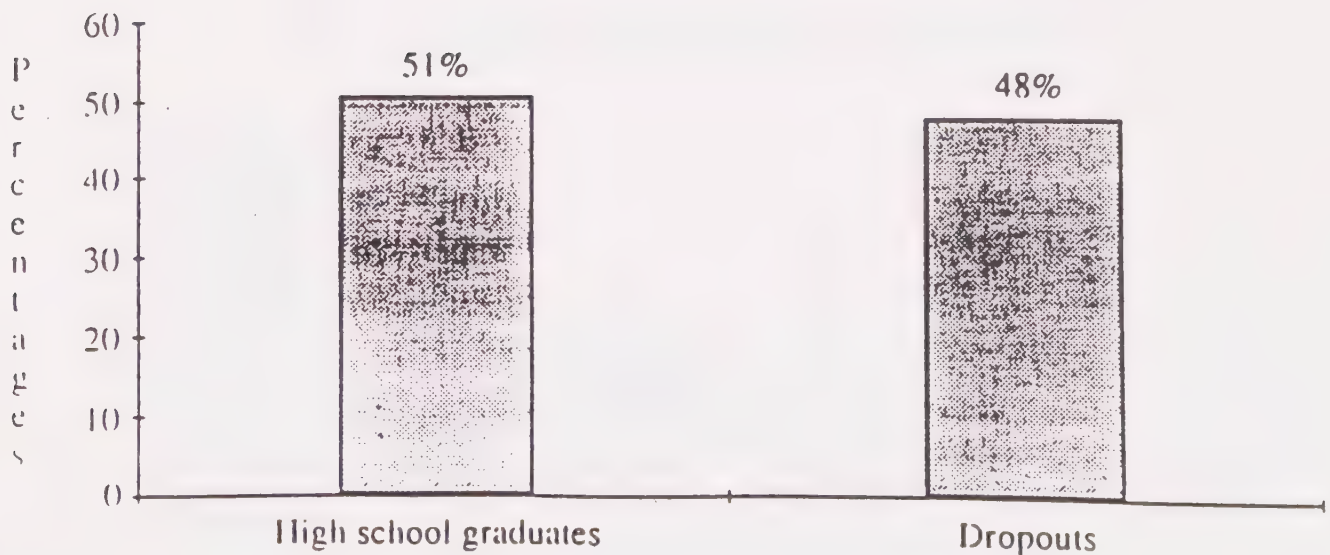
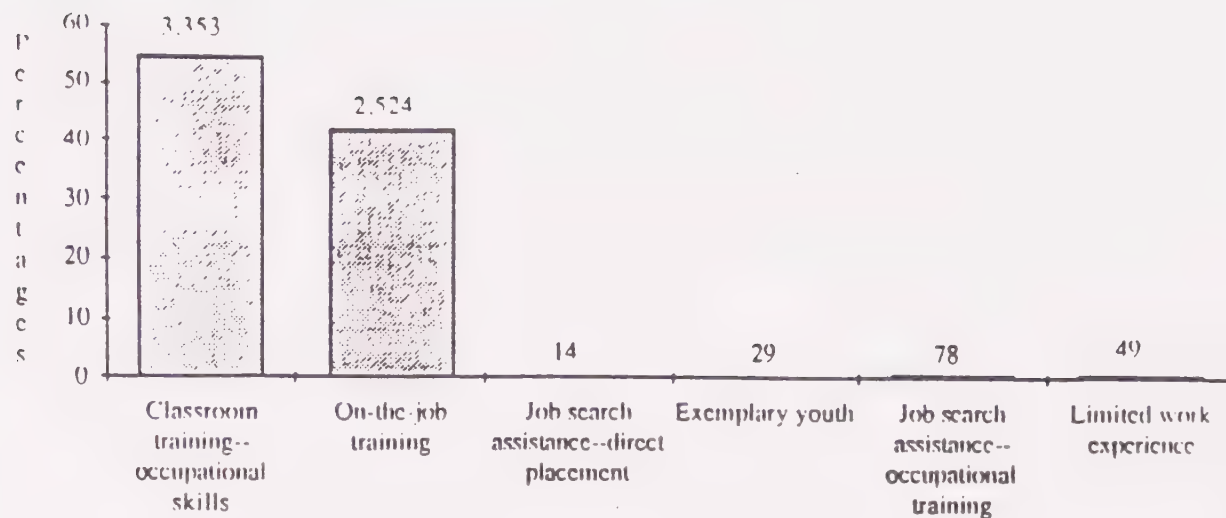
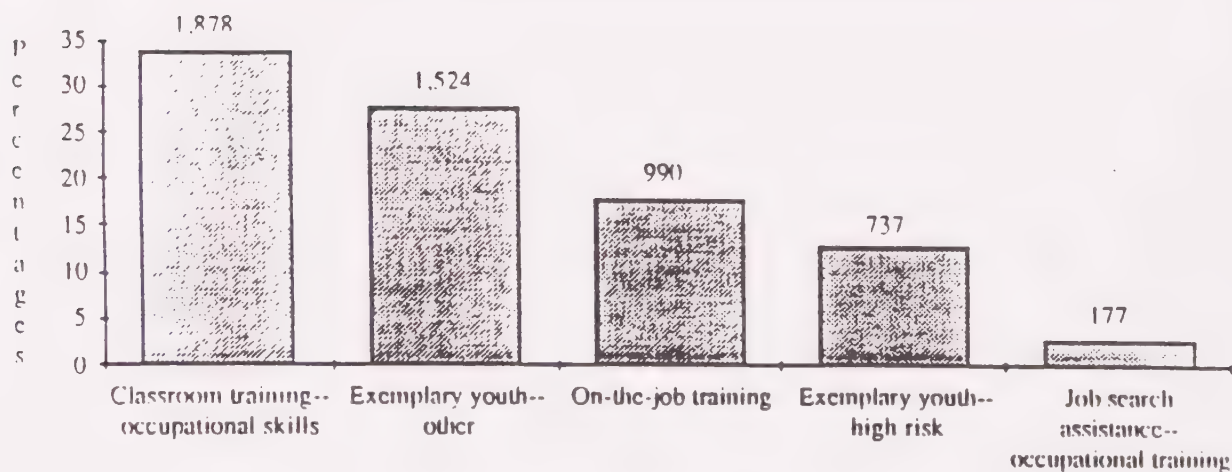


TABLE 10

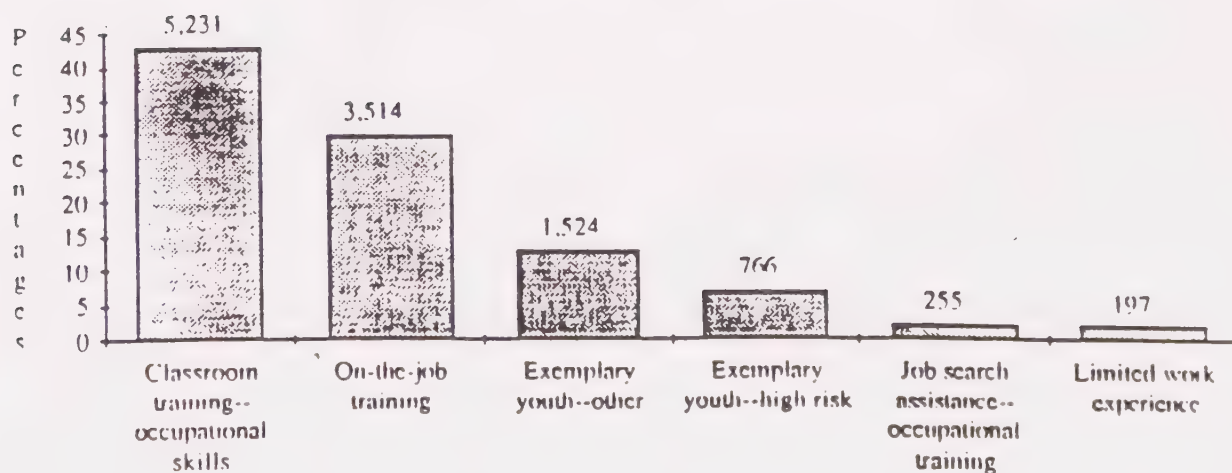
**JTPA Title IIA Adult Enrollments
1989-1990: Enrollment by ACTIVITY**



**JTPA Title IIA Youth Enrollment
1989-1990: Enrollment by ACTIVITY**



**JTPA Title IIA Youth and Adult Combined Enrollments
1989-1990: Enrollments by ACTIVITY**



Survey of JTPA Participants

Section 1. Personal Information (from CDD list)

1. Name: _____

(First/ Middle Initial/ Last)

2. Sex: _____ Male _____ Female

3. Birth date: mo/day/yr _____ / _____ / _____ Current age: _____

4. Address: _____

(Number & Street)

(City, State, Zip Code)

5. Telephone Number: _____

Section 2: Questions for All Respondents

6. What were you doing prior to attending the program?

_____ a. Working full time

_____ b. Working part time

_____ c. Unemployed and looking for work

_____ d. Unemployed and not looking for work

_____ e. Going to school. If yes, what type of school:

_____ High school _____ Community college _____ GED Program

_____ f. Other (Please specify: _____)

7. How did you learn about the program?

_____ a. Flyer/brochure

_____ b. Television

_____ c. Newspaper

_____ d. Radio

_____ e. EDD Office

_____ f. Through a friend

_____ g. Other (Describe: _____)

13. Did (does) the program involve on-the-job training, where the agency paid part of your wages? ____Yes ____No (Skip to # 15)

If "yes," Name of Company: _____

Job Title: _____

14. Did (do) you find this on-the-job training to be useful?

Why (probe for specifics): _____

____a. Very useful

____b. Fairly useful

____c. A little useful

____d. Not very useful

15. Did you receive any other services as part of the program? ____Yes ____No

If "yes," how would you rate each?

____a. Child care ____Exclnt ____Good ____Fair ____Poor

____b. Transportation ____Exclnt ____Good ____Fair ____Poor

____c. Other (Please specify: _____)

____Exclnt ____Good ____Fair ____Poor

Comments: _____

16. Was (is) your training in a field you were interested in? ____Yes ____No

If no, why not: _____

17. What did (do) you like best about the program? _____

18. What did (do) you like least about the program? _____

Section 3: For those no longer enrolled in the program.

19. Did you complete the training? ____Yes ____No If "no," why not:

- ____a. Got a job
- ____b. Pregnancy or childbirth
- ____c. Illness
- ____d. Child care problems
- ____e. Transportation problems
- ____f. Didn't like it
- ____g. Other (Please specify:_____)

20. Have you worked since leaving the program? ____Yes ____No If "no," why not:

- ____a. Didn't want to work
- ____b. Was unable to work for personal reasons
- ____c. Couldn't find a job related to the training
- ____d. Couldn't find any job
- ____e. Other (Please explain:_____)

For "no" respondents to either "19" or "20", skip to #26.

Section 4: For those who completed the training and have worked.

21. How long did it take you to find your first job after leaving the training?

- ____a. Less than a week
- ____b. Between a week and a month
- ____c. Between one and three months
- ____d. More than three months

22. How did you find your first job after leaving the training?

- ____a. Through the help of agency staff
- ____b. On your own
- ____c. Other (Specify:_____)

1. The first step in the process of the research is to identify the problem.

2. The second step is to define the research objectives and questions.

3. The third step is to design the research methodology.

4. The fourth step is to collect the data.

5. The fifth step is to analyze the data.

6. The sixth step is to interpret the results.

7. The seventh step is to write the research report.

8. The eighth step is to present the findings.

9. The ninth step is to discuss the implications.

10. The tenth step is to conclude the research.

11. The eleventh step is to disseminate the findings.

12. The twelfth step is to evaluate the research process.

13. The thirteenth step is to reflect on the experience.

14. The fourteenth step is to plan for the future.

15. The fifteenth step is to share the experience.

16. The sixteenth step is to learn from the experience.

17. The seventeenth step is to apply the knowledge.

18. The eighteenth step is to continue the research.

19. The nineteenth step is to stay updated.

20. The twentieth step is to remain curious.

23. Have you worked in a job that was related to your training since finishing the program? _____ Yes _____ No

If "no," why not: _____

24. Are you working now? _____ Yes _____ No If "yes," how long: _____
(# months)

What type of job: _____

If "no," why not: _____

(Skip to # 26)

25. How well do you like your job?

Why (probe for specifics): _____

_____ a. Very well

_____ b. Fairly well

_____ c. Not very well

_____ d. Not at all

26. Would you recommend the program to a friend?

Why (probe for specifics): _____

_____ a. Definitely

_____ b. Probably

_____ c. Probably not

_____ d. Definitely not

27. Is there anything you can tell me about your experience with the training you received that might help the agency to improve this training?

Thank you for your time and cooperation.



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23. Have you worked in a job that was related to your current area of study?

Yes _____ No _____

If "yes", when did you start? _____

44. Are you working now? _____

(continued)

What type of job? _____

45. How long have you been working? _____

(in years)

46. How much do you earn per year? _____

(in thousands of dollars)

47. How much do you have in savings? _____

48. How much do you have in investments? _____

49. How much do you have in other assets? _____

50. How much do you have in total assets? _____

51. How much do you have in total liabilities? _____

(in thousands of dollars)

52. How much do you have in total net worth? _____

53. How much do you have in total net worth? _____

54. How much do you have in total net worth? _____

55. How much do you have in total net worth? _____

56. How much do you have in total net worth? _____

57. How much do you have in total net worth? _____

58. How much do you have in total net worth? _____

59. How much do you have in total net worth? _____

60. How much do you have in total net worth? _____

61. How much do you have in total net worth? _____

62. How much do you have in total net worth? _____